

FINANCIAL TIMES

Europe's Business Newspaper

Matsushita and Sony report big cuts in profits

Matsushita and Sony, two of the world's leading consumer electronics companies, reported sharp declines in pre-tax profits for the year ended March as demand continued to be severely depressed. They expect little improvement this year. Matsushita reported a 54 per cent fall to Y166.4bn (US\$1.52bn) and Sony saw a 57 per cent drop to Y92.6bn. Page 19

Sterling
against D-Mark (DM per £)
2.55
2.50
2.45
2.40
2.35
2.30
Source: FT Graphix
1993
F M A M
May 1993
May 1992
May 1991
May 1990
May 1989
May 1988
May 1987
May 1986
May 1985
May 1984
May 1983
May 1982
May 1981
May 1980
May 1979
May 1978
May 1977
May 1976
May 1975
May 1974
May 1973
May 1972
May 1971
May 1970
May 1969
May 1968
May 1967
May 1966
May 1965
May 1964
May 1963
May 1962
May 1961
May 1960
May 1959
May 1958
May 1957
May 1956
May 1955
May 1954
May 1953
May 1952
May 1951
May 1950
May 1949
May 1948
May 1947
May 1946
May 1945
May 1944
May 1943
May 1942
May 1941
May 1940
May 1939
May 1938
May 1937
May 1936
May 1935
May 1934
May 1933
May 1932
May 1931
May 1930
May 1929
May 1928
May 1927
May 1926
May 1925
May 1924
May 1923
May 1922
May 1921
May 1920
May 1919
May 1918
May 1917
May 1916
May 1915
May 1914
May 1913
May 1912
May 1911
May 1910
May 1909
May 1908
May 1907
May 1906
May 1905
May 1904
May 1903
May 1902
May 1901
May 1900
May 1899
May 1898
May 1897
May 1896
May 1895
May 1894
May 1893
May 1892
May 1891
May 1890
May 1889
May 1888
May 1887
May 1886
May 1885
May 1884
May 1883
May 1882
May 1881
May 1880
May 1879
May 1878
May 1877
May 1876
May 1875
May 1874
May 1873
May 1872
May 1871
May 1870
May 1869
May 1868
May 1867
May 1866
May 1865
May 1864
May 1863
May 1862
May 1861
May 1860
May 1859
May 1858
May 1857
May 1856
May 1855
May 1854
May 1853
May 1852
May 1851
May 1850
May 1849
May 1848
May 1847
May 1846
May 1845
May 1844
May 1843
May 1842
May 1841
May 1840
May 1839
May 1838
May 1837
May 1836
May 1835
May 1834
May 1833
May 1832
May 1831
May 1830
May 1829
May 1828
May 1827
May 1826
May 1825
May 1824
May 1823
May 1822
May 1821
May 1820
May 1819
May 1818
May 1817
May 1816
May 1815
May 1814
May 1813
May 1812
May 1811
May 1810
May 1809
May 1808
May 1807
May 1806
May 1805
May 1804
May 1803
May 1802
May 1801
May 1800
May 1799
May 1798
May 1797
May 1796
May 1795
May 1794
May 1793
May 1792
May 1791
May 1790
May 1789
May 1788
May 1787
May 1786
May 1785
May 1784
May 1783
May 1782
May 1781
May 1780
May 1779
May 1778
May 1777
May 1776
May 1775
May 1774
May 1773
May 1772
May 1771
May 1770
May 1769
May 1768
May 1767
May 1766
May 1765
May 1764
May 1763
May 1762
May 1761
May 1760
May 1759
May 1758
May 1757
May 1756
May 1755
May 1754
May 1753
May 1752
May 1751
May 1750
May 1749
May 1748
May 1747
May 1746
May 1745
May 1744
May 1743
May 1742
May 1741
May 1740
May 1739
May 1738
May 1737
May 1736
May 1735
May 1734
May 1733
May 1732
May 1731
May 1730
May 1729
May 1728
May 1727
May 1726
May 1725
May 1724
May 1723
May 1722
May 1721
May 1720
May 1719
May 1718
May 1717
May 1716
May 1715
May 1714
May 1713
May 1712
May 1711
May 1710
May 1709
May 1708
May 1707
May 1706
May 1705
May 1704
May 1703
May 1702
May 1701
May 1700
May 1699
May 1698
May 1697
May 1696
May 1695
May 1694
May 1693
May 1692
May 1691
May 1690
May 1689
May 1688
May 1687
May 1686
May 1685
May 1684
May 1683
May 1682
May 1681
May 1680
May 1679
May 1678
May 1677
May 1676
May 1675
May 1674
May 1673
May 1672
May 1671
May 1670
May 1669
May 1668
May 1667
May 1666
May 1665
May 1664
May 1663
May 1662
May 1661
May 1660
May 1659
May 1658
May 1657
May 1656
May 1655
May 1654
May 1653
May 1652
May 1651
May 1650
May 1649
May 1648
May 1647
May 1646
May 1645
May 1644
May 1643
May 1642
May 1641
May 1640
May 1639
May 1638
May 1637
May 1636
May 1635
May 1634
May 1633
May 1632
May 1631
May 1630
May 1629
May 1628
May 1627
May 1626
May 1625
May 1624
May 1623
May 1622
May 1621
May 1620
May 1619
May 1618
May 1617
May 1616
May 1615
May 1614
May 1613
May 1612
May 1611
May 1610
May 1609
May 1608
May 1607
May 1606
May 1605
May 1604
May 1603
May 1602
May 1601
May 1600
May 1599
May 1598
May 1597
May 1596
May 1595
May 1594
May 1593
May 1592
May 1591
May 1590
May 1589
May 1588
May 1587
May 1586
May 1585
May 1584
May 1583
May 1582
May 1581
May 1580
May 1579
May 1578
May 1577
May 1576
May 1575
May 1574
May 1573
May 1572
May 1571
May 1570
May 1569
May 1568
May 1567
May 1566
May 1565
May 1564
May 1563
May 1562
May 1561
May 1560
May 1559
May 1558
May 1557
May 1556
May 1555
May 1554
May 1553
May 1552
May 1551
May 1550
May 1549
May 1548
May 1547
May 1546
May 1545
May 1544
May 1543
May 1542
May 1541
May 1540
May 1539
May 1538
May 1537
May 1536
May 1535
May 1534
May 1533
May 1532
May 1531
May 1530
May 1529
May 1528
May 1527
May 1526
May 1525
May 1524
May 1523
May 1522
May 1521
May 1520
May 1519
May 1518
May 1517
May 1516
May 1515
May 1514
May 1513
May 1512
May 1511
May 1510
May 1509
May 1508
May 1507
May 1506
May 1505
May 1504
May 1503
May 1502
May 1501
May 1500
May 1499
May 1498
May 1497
May 1496
May 1495
May 1494
May 1493
May 1492
May 1491
May 1490
May 1489
May 1488
May 1487
May 1486
May 1485
May 1484
May 1483
May 1482
May 1481
May 1480
May 1479
May 1478
May 1477
May 1476
May 1475
May 1474
May 1473
May 1472
May 1471
May 1470
May 1469
May 1468
May 1467
May 1466
May 1465
May 1464
May 1463
May 1462
May 1461
May 1460
May 1459
May 1458
May 1457
May 1456
May 1455
May 1454
May 1453
May 1452
May 1451
May 1450
May 1449
May 1448
May 1447
May 1446
May 1445
May 1444
May 1443
May 1442
May 1441
May 1440
May 1439
May 1438
May 1437
May 1436
May 1435
May 1434
May 1433
May 1432
May 1431
May 1430
May 1429
May 1428
May 1427
May 1426
May 1425
May 1424
May 1423
May 1422
May 1421
May 1420
May 1419
May 1418
May 1417
May 1416
May 1415
May 1414
May 1413
May 1412
May 1411
May 1410
May 1409
May 1408
May 1407
May 1406
May 1405
May 1404
May 1403
May 1402
May 1401
May 1400
May 1399
May 1398
May 1397
May 1396
May 1395
May 1394
May 1393
May 1392
May 1391
May 1390
May 1389
May 1388
May 1387
May 1386
May 1385
May 1384
May 1383
May 1382
May 1381
May 1380
May 1379
May 1378
May 1377
May 1376
May 1375
May 1374
May 1373
May 1372
May 1371
May 1370
May 1369
May 1368
May 1367
May 1366
May 1365
May 1364
May 1363
May 1362
May 1361
May 1360
May 1359
May 1358
May 1357
May 1356
May 1355
May 1354
May 1353
May 1352
May 1351
May 1350
May 1349
May 1348
May 1347
May 1346
May 1345
May 1344
May 1343
May 1342
May 1341
May 1340
May 1339
May 1338
May 1337
May 1336
May 1335
May 1334
May 1333
May 1332
May 1331
May 1330
May 1329
May 1328
May 1327
May 1326
May 1325
May 1324
May 1323
May 1322
May 1321
May 1320
May 1319
May 1318
May 1317
May 1316
May 1315
May 1314
May 1313
May 1312
May 1311
May 1310
May 1309
May 1308
May 1307
May 1306
May 1305
May 1304
May 1303
May 1302
May 1301
May 1300
May 1299
May 1298
May 1297
May 1296
May 1295
May 1294
May 1293
May 1292
May 1291
May 1290
May 1289
May 1288
May 1287
May 1286
May 1285
May 1284
May 1283
May 1282
May 1281
May 1280
May 1279
May 1278
May 1277
May 1276
May 1275
May 1274
May 1273
May 1272
May 1271
May 1270
May 1269
May 1268
May 1267
May 1266
May 1265
May 1264
May 1263
May 1262
May 1261
May 1260
May 1259
May 1258
May 1257
May 1256
May 1255
May 1254
May 1253
May 1252
May 1251
May 1250
May 1249
May 1248
May 1247
May 1246
May 1245
May 1244
May 1243
May 1242
May 1241
May 1240
May 1239
May 1238
May 1237
May 1236
May 1235
May 1234
May 1233
May 1232
May 1231
May 1230
May 1229
May 1228
May 1227
May 1226
May 1225
May 1224
May 1223
May 1222
May 1221
May 1220
May 1219
May 1218
May 1217
May 1216
May 1215
May 1214
May 1213
May 1212
May 1211
May 1210
May 1209
May 1208
May 1207
May 1206
May 1205
May 1204
May 1203
May 1202
May 1201
May 1200
May 1199
May 1198
May 1197
May 1196
May 1195
May 1194
May 1193
May 1192
May 1191
May 1190
May 1189
May 1188
May 1187
May 1186
May 1185
May 1184
May 1183
May 1182
May 1181
May 1180
May 1179
May 1178
May 1177
May 1176
May 1175
May 1174
May 1173
May 1172
May 1171
May 1170
May 1169
May 1168
May 1167
May 1166
May 1165
May 1164
May 1163
May 1162
May 1161
May 1160
May 1159
May 1158
May 1157
May 1156
May 1155
May 1154
May 1153
May 1152
May 1151
May 1150
May 1149
May 1148
May 1147
May 1146
May 1145
May 1144
May 1143
May 1142
May 1141
May 1140
May 1139
May 1138
May 1137
May 1136
May 1135
May 1134
May 1133
May 1132
May 1131
May 1130
May 1129
May 1128
May 1127
May 1126
May 1125
May 1124
May 1123
May 1122
May 1121
May 1120
May 1119
May 1118
May 1117
May 1116
May 1115
May 1114
May 1113
May 1112
May 1111
May 1110
May 1109
May 1108
May 1107
May 1106
May 1105
May 1104
May 1103
May 1102
May 1101
May 1100
May 1099
May 1098
May 1097
May 1096
May 1095
May 1094
May 1093
May 1092
May 1091
May

Italian interest rate cut to 10.5%

By Robert Graham in Rome

THE Bank of Italy yesterday cut the discount rate by half a percentage point to 10.5 per cent, the lowest level since 1978.

The move followed the positive outcome of the second Danish referendum on the Maastricht treaty and is in response to calls from recession-hit industries to ease the still high cost of borrowing. The rate cut is the third this year.

Commercial banks immediately began to bring their prime rates into line. On average the commercial banks looked set to cut their prime rates by half a percentage point to 11.75 per cent.

The fall in interest rates, reflected in the reduced cost of financing the budget deficit, brought some relief to the Ciampi government as the economic team finalised measures for a mini-budget.

This could be announced today with a mix of new taxes and spending cuts which are aimed at producing an extra £13,000bn (\$8.8bn). The bulk is expected to come from higher taxes, especially on petrol.

The mini-budget is also being planned in conjunction with the 1994 budget which for the first time will be ready before the summer recess of parliament.

Austerity is expected to continue with the need to hold down the public sector deficit which remains over 10.5 per cent of GDP.

This week the government received another harsh reminder of the continued demands on the Treasury. A constitutional court sentence has declared that some 36m civil servants and members of the military are eligible to have their severance pay on retirement topped up to accommodate inflation. The court allowed parliament a reasonable period to implement legislation but this will add at least £9,000m in public spending.

Greece begins bugging probe

THE Greek parliament began setting up a powerful committee yesterday to investigate charges that leaders of the ruling conservative party illegally bugged their political opponents, Reuter reports from Athens.

Party leaders began selecting those who will sit on the 35-member committee to inquire into allegations that the ruling New Democracy party systematically eavesdropped on an array of rivals during a political crisis from 1988 to 1990. They also plan measures to control bugging.

Denktash offers port to UN

TURKISH Cypriot leader Rauf Denktash said yesterday the resort of Varosha could be handed over to the United Nations in return for the lifting of an international embargo on Turkish Cypriot ports and airports, reuter reports from Nicosia.

"We indicated that provided the embargo which has been going on for 29 years is lifted from our ports and airports, we could discuss this," he said. But he added, transfer of the former Greek Cypriot resort would have to await agreement on a wider Cyprus deal.

Moscow sets tough debt terms for CIS

By John Lloyd in Moscow

RUSSIA is demanding repayment on harsh terms of the trillions of roubles it is owed by the other former Soviet republics. Members of the Commonwealth of Independent States, they are ostensibly committed to establishing a closer economic union.

In talks with the states, Russia has demanded:

- Repayment must start from 1994.
- The interest rate on the debt must be paid at 2 per cent over the prevailing interbank rate;
- The repayments be denominated in dollars at a rate pegged to that prevailing in the middle of last year, when the rouble was much stronger against the dollar.

Western advisers following these negotiations say the terms are exceptionally tough - especially as Russia has benefited from a five-year postponement on payment of interest and capital on its \$80bn-plus debt with the London and Paris clubs. But they

are also seen as an opening gambit, albeit one showing Russia is no longer willing or able to deal with its neighbours on any other than commercial terms.

Most of the debt is in the form of technical credits advanced over recent years which have allowed the republics to keep on buying Russian energy and manufactured goods. Russia's dominance as an energy producer has meant it is the creditor country in nearly all bilateral relationships with other CIS members.

However, the debtor countries are in most cases even more impoverished than Russia, with much less possibility than Russia of earning hard currency through energy or other sales. Their continuing need for Russian credits is illustrated by the intention of the Ukrainian government to seek a further \$851,000bn credit line to pay for Russian oil and gas this year.

Russia's potential to earn hard currency this year and next has been damaged by the continuing fall in oil output.

Russian leaders agree to reforms tied to IMF loan

By Leyla Boultou in Moscow

THE Russian authorities yesterday patched up divisions over proposals for economic reform which are linked to a new \$800m loan from the International Monetary Fund.

Mr Viktor Chernomyrdin, the prime minister, Mr Viktor Gerashchenko, the central bank chairman, and Mr Boris Fyodorov, the finance minister, reached broad agreement to make no new spending decisions for the rest of this year, to increase interest rates, and to maintain quarterly limits on credit expansion.

The agreement follows modifications discussed with the IMF. Earlier this week, the measures were criticised by Mr Gerashchenko, who has deep reservations about Mr Fyodorov's strategy for cutting inflation and restructuring the economy.

Mr Gerashchenko told bankers that restrictions on credit expansion agreed with the government would not be ready until Saturday.

Government would be overshot in the second quarter, not to mention the rest of the year. He also challenged proposals for the rate at which the Central Bank gives credit to the economy to track a so-called market rate.

But agreement among the three men is by no means the end of internal squabbling in the Russian camp. The proposals for instance run directly counter to the views of old-time conservatives such as first deputy prime minister Oleg Lobov, in charge of the Economic Ministry.

Mr Fyodorov, who has sought to make the proposals as binding as possible for his colleagues, said at the beginning of the week he expected the government and Central Bank to make a joint pledge yesterday. But Mr Sergei Vasilev, head of the government centre to monitor economic reform, said the document would not be ready until Saturday.

Built by Peter the Great as a "window on the west" nearly three centuries ago, St Petersburg has long been Russia's most European city. With geographic proximity to the west, a more co-operative bureaucracy, architectural grandeur, a well-educated population and military-industrial enterprises ripe for conversion, the city has significant advantages over Moscow.

Nearly half of about 6,000 foreign joint ventures in Russia are based in the city. Gillette, which plans to build a factory to supplement its joint venture partner Leninets's existing factory, intends to make St

The move, started by the Basques and quickly followed by the Catalans, is a taste of the complex political dilemma that could confront either of Spain's two main parties, the governing Socialists or the conservative Partido Popular (PP), after the election.

These parties are neck-and-neck in the polls, which predict a hung parliament in which any government would have to have the assistance of

the Basque and Catalan parties. By launching their proposals now, the Basques and Catalans are making clear the price of such co-operation.

The PNV has said its planned public bank for the Basque country would enjoy the same powers as the Bank of Spain in obliging Basque financial institutions, mainly savings banks, to deposit with it a proportion of their deposits, interest free, to meet liquidity requirements.

A draft law published by the Basque government says the new bank, the Euskadi Banco Publico, would serve to "obtain the maximum financial autonomy for Euskadi" (the Basque country).

The possibility of creating a Basque central bank has been raised before and it is believed that, ultimately, the PNV intends the new bank to be a central bank and to issue its own currency. The Basque

country already has a statute of autonomy, which allows the regional government the exclusive right to collect and distribute taxes.

Responding to publication of the Basque draft law, the CIU leader and Catalan premier, Mr Jordi Pujol, emerged from a cabinet meeting this week saying: "We must do it too." The Catalans, who do not yet collect their own taxes, want a public bank run by the regional government

which would be used to help fund regional government projects.

It is taken for granted, however, that the Catalans, sooner or later, would also want this bank to take some control over Catalonia's financial sector, and that it would also begin to set liquidity requirements for local banking institutions.

In Madrid, the government and the Bank of Spain have strongly opposed both ideas.

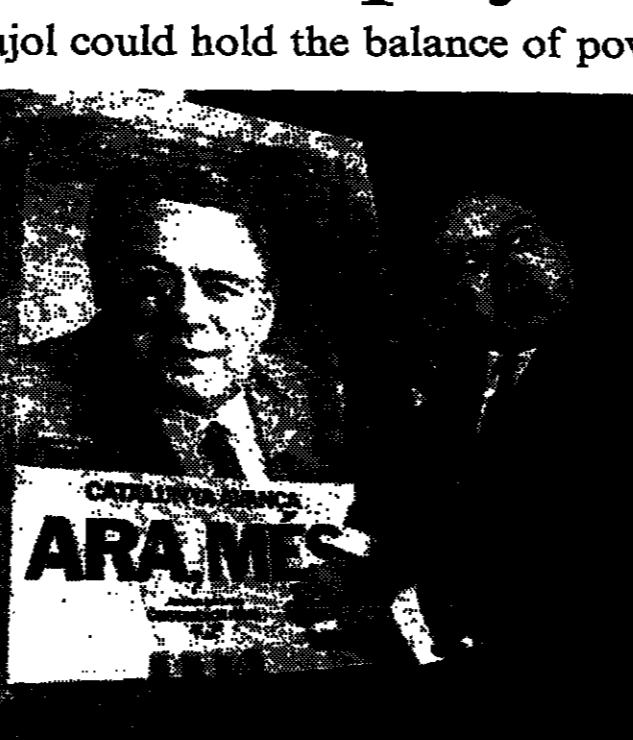
Basques and Catalans plan their own 'central' banks

By Peter Bruce in Madrid

SPAIN'S TWO big governing regional parties, the Basque PNV and the Catalan CIU, have both issued a serious threat to the central authority of Madrid before the June 6 general election by announcing plans to establish public banks which could greatly increase the financial autonomy of the two regions.

The move, started by the Basques and quickly followed by the Catalans, is a taste of the complex political dilemma that could confront either of Spain's two main parties, the governing Socialists or the conservative Partido Popular (PP), after the election.

These parties are neck-and-neck in the polls, which predict a hung parliament in which any government would have to have the assistance of



In the 350-member Congress and the CIU's 20-odd members will hold the balance of power in the new legislature. Mr Pujol can accordingly negotiate an alliance with the PSOE and return it to power for a fourth term, or he could ally with the PP and usher in a new government. Mr Pujol, who clearly relishes the prospect of a power-broker role, says CIU can be counted on to assure the governability of Spain. But he is keeping understandably quiet about which of the two main parties he is willing to back.

The choice is not an easy one, for CIU is a middle-of-the-road party that seeks to be all things to all

Catalans. It embraces diehard and lukewarm nationalists, big business, small shopkeepers and liberal-minded professionals. An alliance with the PSOE would anger Mr Pujol's middle-class supporters but one with the PP would upset Catalan nationalist sentiment.

CIU could only realistically join the PSOE if the Socialists disavowed controversial elements in their manifesto such as a pro-union strike law. An alliance with the centre-right would require the PP to accept the Generalitat's more strident nationalist policies.

It is not, however, a choice that can be ducked. "Since we have the responsibility of governing Catalonia, we are condemned to reaching an understanding with Madrid," says Mr Joaquin Molins, a former member of Mr Pujol's Generalitat government who is now running for a CIU seat in Congress. Tipped for a cabinet post in the event of a coalition government, Mr Molins stresses that it is very much in Catalonia's self-interest for Spain to have a competent and stable government.

Catalonia resembles northern Italy in its sophisticated development. However, unlike regional political movements there, such as the Lombard League, which have little time for the rest of Italy, CIU cannot

dissociate itself from its Spanish framework. Catalonia is only geographically close to the core of Europe; its prosperity is to a large extent dependent on the purchasing power of the more backward areas of the domestic economy.

La Gran Oportunidad, as CIU's electoral posters proclaim, is the challenge to infuse the Spanish administration, as junior partners in a coalition led either by the PSOE or the PP, with the values and virtues of modernity, efficiency and commercial acumen that are attributed to the Catalans.

The slogan echoes a call to "Catalanise Spain" made 60 years ago by the financier Mr Francesc Cambó, the father of modern Catalan nationalism.

But it is also an opportunity to increase the considerable self-rule powers that are already enjoyed by Barcelona's Generalitat.

Mr Pujol will insist on the Generalitat's fiscal co-responsibility in Catalonia with the Madrid government as the price for CIU support in a national coalition government.

Eventually Mr Pujol wants the Generalitat to raise its own taxes and then pay a lump sum to Madrid for the services rendered by the central administration. The Basque country and Navarre, its adjoining

Waigel suffers political setback at home

By Quentin Peel in Bonn

A CHASTENED Mr Theo Waigel, the German finance minister, is set to stay on in Bonn to wrestle with the budgetary headaches of German unification, after he failed in an attempt to take over as prime minister in his home state of Bavaria.

The man now regarded as odds-on favourite for the Bavarian job is Mr Edmund Stoiber, the conservative interior minister in the Bavarian government and a close confidant of the late Franz-Josef Strauss, the longest-serving post-war Bavarian premier.

The solution, to be presented to a meeting of the party leadership of the Bavarian-based Christian Social Union (CSU) today, is good news for Chancellor Helmut Kohl. He will not have to find a new man to fill the unpopular job of finance minister at a time of acute budget stringency, and in the run-up to a whole series of state and national elections.

It amounts to a serious setback, however, for the political ambitions of Mr Waigel, who had clearly set his heart on the state premier's job in Munich. He may know that in his home base, he cannot match the support of Mr Stoiber, the hard man of the CSU and now seen as a certain future party leader.

The planned compromise will leave Mr Waigel as party leader in the CSU, with his position ostensibly enhanced, provided he remains in Bonn. There he has always shown himself to be a loyal and likeable lieutenant to Mr Kohl in the ruling coalition.

An important factor in the outcome is the decision of CSU party barons on who can best resist the advance of the far-right Republican party in next year's state, national and European elections. Mr Stoiber, who has taken a strong anti-immigration and tough law-and-order stance, is seen to be the obvious local leader.

Mr Waigel's problem is that the Bonn Finance Ministry is a poisoned political chalice. Only on Wednesday, Mr Kohl served notice that another ferocious round of savings was needed to keep the 1994 budget under control. Tax revenues are estimated to fall more than DM100bn (£62bn) short of the original forecast up to 1996.

which would be used to help fund regional government projects.

It is taken for granted, however, that the Catalans, sooner or later, would also want this bank to take some control over Catalonia's financial sector, and that it would also begin to set liquidity requirements for local banking institutions.

In Madrid, the government and the Bank of Spain have strongly opposed both ideas.

Parties may have to pay homage to Catalonia

Catalan nationalist leader Jordi Pujol could hold the balance of power after the vote on June 6, writes Tom Burns

SPANISH ELECTIONS

THE one political party that is wholly confident about Spain's June 6 general election is Catalonia's nationalist grouping Convergencia i Unio, CIU. Its electoral slogan proclaims the poll date to be "The Great Opportunity" and nobody disputes the relevance of the message.

The ruling Socialist party, PSOE, and the centre-right Partido Popular opposition, PP, are worried.

The two Madrid-based parties are evenly matched and they both know that neither of them is likely to form a government.

Mr Pujol has been a passionate Catalan patriot since his student days, when he was tortured and imprisoned for singing Catalonia's national anthem at a Barcelona concert attended by the top brass of General Franco's dictatorship.

CIU has consistently won Catalonia's regional elections - its leader Mr Jordi Pujol has run the autonomous government, the Generalitat, since 1980 - and it is now also poised to outstrip the Socialists in a general election.

Opinion polls indicate that CIU could gain up to three seats, to return 21 of the 47



members elected in Catalonia's regional elections - its leader Mr Jordi Pujol has run the autonomous government, the Generalitat, since 1980 - and it is now also poised to outstrip the Socialists in a general election.

Opinion polls indicate that CIU could gain up to three seats, to return 21 of the 47

autonomous community already have this prerogative. "All we want is the same deal," says Mr Molins.

It is doubtful given the electoral trends, whether either the PSOE or the PP will be in a position to reject such a deal after June 6.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 6031 Frankfurt am Main 1, Germany. Telephone 49 69 556 850. Fax 49 69 492 1953. Represented by Edward Hulse, 100 New Bond Street, London W1, and DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosenfeld-Strasse 5a, 8078 Neu-Isenburg 4 (www.Hulse-International.com).

Number One Southwark Bridge, London SE1 9HL, UK. Shareholder of the Financial Times (Europe) Ltd, London, and F.T. (Europe) Ltd, London. The Financial Times (Europe) Ltd, London, is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Editor: Director: J. Rollie, 168 Rue de Rambouillet, 91000 Paris Cedex 01. Telephone F-75004 Paris Cedex 01. Fax (01) 42974629. Printed in France. ISSN: ISSN 1148-2753. Commission Directive No 678082.

Financial Times (Scandinavia) Ltd, Vimmelskajen 42A, DK-1161 Copenhagen K, Denmark. Telephone 33 13 44 41. Fax 33 93 33 35.

Financial Times (Middle East) Ltd, P.O. Box 1000, Tel Aviv, Israel. Telephone 972 3 520 0000. Fax 972 3 520 0001.

Kravchuk bids for wider power

President's move plunges Ukraine into constitutional crisis

By Chrystia Freeland in Kiev

UKRAINE was plunged into a constitutional crisis yesterday when President Leonid Kravchuk asked parliament to make him head of government, a position now held by the prime minister. In response Prime Minister Leonid Kuchma offered to resign.

The president's unexpected bid for greater power came as parliament considered the prime minister's own request, made earlier this week, for an extended respite in order to implement economic reform.

The conservative parliament had looked set to meet Mr Kuchma's demands, thereby facilitating greater reform, but the president's proposal could now block that process.

Mr Kuchma this week called on parliament to extend his power to rule the economy by decree and asked for control over the central bank and state privatisation body.

He said he would use this expanded authority to tighten Ukraine's monetary policy and push through more rapid privatisation.

Mr Kravchuk had been expected to back the prime minister's plea, but he surprised deputies yesterday with his request to amend the constitution to make the president the head of all executive structures in Ukraine.

"Our president is a very good chess player," commented a senior official government official.

The presidential option is attractive to deputies because he has promised not to restrict their authority to pass economic legislation.

Deputies are expected to vote



The Ukrainian prime minister, Mr Leonid Kuchma (left), pictured earlier this year with the republic's president, Mr Leonid Kravchuk, at the Commonwealth of Independent States summit held in Minsk

on both the president's and the prime minister's proposals today. If the president wins, as most predict, Ukraine's stalled economic reforms could face a further setback.

A senior cabinet minister, who said he would also offer to quit if the prime minister went, said that if the president took charge of the government he was likely to bring back the ex-Communist old guard forced

out when Mr Kuchma took office last autumn.

In that event he forecast policies which would push Ukraine into hyperinflation within the next six months.

Presidential advisers, however, deny this, saying Mr Kravchuk, who has carefully side-stepped economic issues during his first 18 months in office, will pursue radical reforms. "Mr Kuchma's gov-

ernment said it was pro-reform," said one, "but actually its policies were conservative."

The political uncertainty is likely to be a setback for the International Monetary Fund delegation currently in Kiev. It arrived earlier this week to begin what Ukrainian and IMF officials had hoped would be conclusive talks on granting Ukraine access to the IMF's newly created transitional lending facility.

However, the prime minister

Belgium stresses European union

By Andrew Hill in Brussels

MR Jean-Luc Dehaene, Belgium's prime minister, said yesterday greater European integration would be a priority when the country takes over the EC presidency from Denmark in six weeks' time.

"It has to be said quite clearly that the best response to the political and economic crisis we are going through is not less, but more Europe," said Mr Dehaene in a speech in Waregem, northern Belgium.

"That means, first, implementing the Maastricht treaty and, secondly, ensuring (economic) growth in Europe," Mr Dehaene, a Flemish Christian Democrat, told a meeting of Catholic employers.

Mr Dehaene's speech is likely to create disquiet among Eurosceptics in Britain, which has yet to ratify the Maastricht treaty. They fear that Belgium, backed by other enthusiastic EC members, will pursue a strong line in favour of greater integration during its six-month presidency, especially now that Denmark has voted in favour of the treaty.

He added that monetary union would underpin the European economy and "finally put an end to competitive devaluations" of EC currencies, which have put pressure on Belgium's export-based economy.

Senior Belgian ministers have suggested in the last week that the EC might have to consider relaxing Maastricht's strict economic conditions for monetary union if the recession persists.

Sympathy for anti-Maastricht demonstrators is hard to find

Second night of riot deepens Danes' dismay

By Hilary Barnes in Copenhagen

ployment in the 16-24 age group is about the same as the national average.

There was a measure of understanding for the rioters from the June Movement, the most prominent of the anti-Maastricht campaign movements. One of its leaders, Ms Drude Dahlerup, declined to condemn Tuesday night's rioters until she had heard all the facts. But there is no evidence of popular support for the B2's.

With the city full of journalists and camera crews, the chief worry of many Danes is the country's "reputation abroad as a country where you can walk the streets in safety", as the national newspaper *Berlingske Tidende* put it.

The second riot was less vicious than the first, when police were under such severe pressure from the stone-throwing demonstrators that they opened fire and wounded 11 of them - none seriously. About 26 policemen were also injured.

Mrs Ebba Strange, a left-wing member of parliament, has called for an inquiry into the riot.

On Wednesday night 100-300 demonstrators began smashing shop windows and were soon involved in a street battle with about 200 police, who used teargas but did not fire their handguns again. Four police were slightly injured and four demonstrators arrested, said police.

Serbs confident they can end war and keep spoils

BOSNIAN Serb leaders have triumphantly declared peace, presenting the outside world with the *façade* of their self-styled state and challenging the west to come up with new peace proposals to replace the Vance-Owen plan, acceptable to the Bosnian Serbs.

Despite rifts between Mr Radovan Karadzic, the Bosnian Serb leader, and his Belgrade patrons, Serb leaders on both sides of the frontier appear to believe that the war is over. Their apparent differences are about tactics to achieve their objectives.

In the aftermath of the overwhelming rejection by Bosnian Serbs of the Vance-Owen plan in their referendum last weekend, it is significant that Belgrade has toned down its criticisms of Bosnian Serb leaders.

Mr Karadzic is now confident that the west will not intervene against Bosnian Serb targets. He is clearly buoyed by the rumblings of the rift between the US and its European allies over how to handle the crisis, and has even said the Clinton administration would soon publicly back Serbian "rights" and the "autonomy of our state".

The Bosnian Serb assembly's announcement on Wednesday that Bosnian Serb forces would

cease all military operations in Bosnia comes at a time when they already control 70 per cent of Bosnian territory, compared with the 43 per cent allocated to them under the Vance-Owen plan. The remark by a prominent Bosnian Serb intellectual that "the remaining [Moslem] enclaves will fall like

Laura Silber reports on why the world community is being defied

ripe fruit from the trees" is indicative of the widespread feeling of confidence among the Serbs of Bosnia.

In their efforts to carve out a Serbian state, Republika Srpska, Bosnian Serbs have expelled or killed hundreds of thousands of Moslems. "The decision has been made. The Serbian people never again - not under any conditions - will give up Republika Srpska and the whole world must know this," Mr Karadzic told the Bosnian Serb assembly.

Anxious to persuade the UN



TRAVEL. FLIGHT TURNS THE WORLD INTO A SINGLE MARKETPLACE.

The magic of flight has altered the mechanics of commerce. With the most distant airport just hours away, ordinary citizens now have easier access to the

world's goods than did the kings of old. Go.

Competition cases jam eases

By Andrew Hill in Brussels

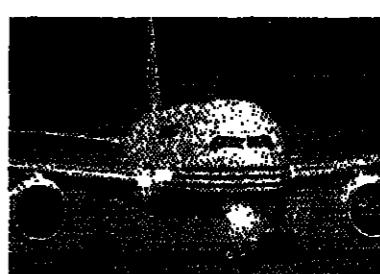
THE European Commission managed to cut its backlog of competition cases by nearly a third last year.

The Brussels authorities have been heavily criticised by lawyers and companies for the time it takes to examine routine deals under EC treaty

rules which outlaw cartels and abuses of a dominant position. The Commission's annual report on competition reveals that 1,562 such cases were still being examined on December 31 1992, compared with 2,257 a year earlier. Some 399 new cases were taken on during the year, compared with 388 in 1991. Since 1988, there has

been a 55 per cent reduction in the backlog, as the Commission has tried to accelerate internal procedures.

Brussels already applies strict deadlines to merger cases, but the competition directorate says it is not yet possible to introduce internally binding deadlines for the bulk of general cases.



BOEING

NEWS: THE AMERICAS

New face at unsteady helm

Christina Lamb weighs up the latest Brazilian minister of finance

THE frequent changes of faces at the helm of Brazil's economy continued yesterday when Mr Fernando Henrique Cardoso was named finance minister in a cabinet reshuffle.

He is the fourth person in eight months to try his hand at stabilising Latin America's largest economy and succeeds Mr Eliseu Resende, who lasted a mere 80 days. However, criticisms of President Itamar Franco's inability to retain ministers were drowned by the positive reaction to Mr Cardoso's appointment as the best choice in the circumstances.

Mr Maílson da Nobrega, a former finance minister, said: "Fernando Henrique has all the qualities needed to improve the situation - he has support in Congress, is very respected by businessmen, economists and intellectuals, and he has international prestige."

Mr Cardoso, who is 63, a Social Democratic party senator and a leading sociologist, had been foreign minister since September and won much praise for his performance. A former professor at the universities of Paris, Geneva, Mexico and Cambridge, he is the only figure in

the Brazilian cabinet who carries real weight abroad and, despite his left-leaning tendencies, is thought to be the only person able to secure for Brazil a new accord with the International Monetary Fund.

The financial markets welcomed the news of Mr Cardoso's appointment, the main São Paulo index rising 4.7 per cent by the lunchtime close. His considerable influence in Congress will help to pass government legislation and he is seen as one of the few people who can handle Brazil's tempestuous president. Three finance ministers, two planning ministers and two central bank governors have toppled during Mr Franco's eight months in office.

Some foreign investors were dismayed at the idea of yet another change. "I have nothing printable to say about Brazil," said one. Others saw it as more proof of Mr Franco's mercenary character and are already counting down the 18 remaining months of the Franco administration.

Mr Resende's departure was part of a wider reshuffle which included the sacking of the ministers of administration and of agriculture, as well as the dismissal of the head of Funai, the federal Indian protection agency. General Rom-

aldo Canhão has been named administration minister.

The new appointments are not expected to alter the government's strategy of stimulating growth through spending and interest rate reduction. Mr Cardoso was one of the authors of the government's economic plan and is a frequent adviser to the president. Mr Roberto Freire, the government's congressional leader, said: "We may have had successive changes in ministers but the direction of economic policy has not changed - our commitment to growth and social policy continue."

Mr Cardoso now has to try to bring down inflation from 30 per cent a month and plug an estimated budget deficit equivalent to \$15bn (£3.4bn).

Mr da Nobrega said: "It's a very difficult situation. There is no sign that inflation will fall and the plan does not tackle the real issues. The most he can do in the short term is avoid a grave acceleration of inflation."

In an interview on Wednesday, though, Mr Cardoso was more confident: "Brazil is a viable country, the problems are well known and the solutions within reach."

Troops on alert as decision looms on Pérez

By Joseph Mann and agencies in Caracas

VENEZUELA'S government put thousands of extra police and national guards on the streets of Caracas yesterday in anticipation of possible violence as the supreme court debated whether to impeach President Carlos Andrés Pérez on corruption charges.

More than 5,000 police, double the usual contingent, were dispatched across the capital while National Guardsmen flanked the avenue leading up to the presidential palace.

Security was doubled around the supreme court and oil installations, and the number of troops at airports was increased. During the day city streets were virtually empty as many people stayed at home, fearing possible disturbances.

The supreme court was expected to issue its opinion later yesterday on whether impeachment procedures should begin against the President for allegedly mishandling \$17m (£1m) in government funds.



A security guard stands ready outside the Venezuelan supreme court building in Caracas

"I know that they want to crush me," he said. Declining to leave office until he is forced to, he said: "Here I am and here I will stay. I await the decision serenely."

If the supreme court decides in favour of impeachment, the case must then be reviewed by the senate, which will have to vote on whether the president should be tried.

Mr Pérez first said he would resign if the supreme court

decided against him, but has asserted he would name one of his government ministers to serve as acting president.

Mr Pérez first held the presidency in 1974-75, a bonanza era when the country was the second-largest supplier of oil to the US.

But his second term, starting in 1988, has been marked by political and social unrest in an oil-rich but corrupt country where many live in poverty.

Argentine strike in prospect

ARGENTINA'S trade union congress has attacked the free market policies of President Carlos Menem and raised the prospect of a general strike "when and where it hurts the government the most," Reuters reports from Buenos Aires.

An assembly of 187 union delegates voted late on Wednesday to authorise Mr Naldo Brunelli, secretary-general of the general labour confederation (CGT), to decide when the strike would take place.

Such a CGT stoppage would be its second national strike since Mr Menem took office in July 1989. The first was staged last November 9.

Businessmen in Ontario dismayed at tax increases

By Bernard Simon in Toronto

BUSINESS leaders in Ontario have expressed dismay at corporate and personal tax increases imposed by the province's social democratic government in a bid to reverse its soaring budget deficit.

The New Democratic party's latest provincial budget includes a new minimum corporate tax, a broadening of the provincial sales tax, and steep increases in personal tax rates focused on middle and high income earners. The top marginal personal tax rate, combining federal and provincial taxes, will climb from 49.8 per

cent to 52.4 per cent.

The average family's tax burden will increase by C\$40-C\$80 (\$20-\$40) a month.

Ontario accounts for about 49 per cent of Canada's GDP. A steep rise in its budget deficit in recent years has made it the biggest non-sovereign borrower on international capital markets. The province borrowed C\$15bn last year, and expects to raise another C\$10bn-C\$11bn in the current fiscal year. This will bring total debt to C\$93bn - double that four years ago.

Mr Floyd Laughren, provincial treasurer, said he aims to bring down the budget deficit to C\$3.2bn in the year to March

31 1994, from C\$62bn in 1992-93.

Besides the tax increases, he announced a 4.3 per cent cut in government operational spending.

The government is also in the throes of acrimonious talks with public sector trade unions over a "social contract" designed to cut C\$2bn a year from its wage bill.

Burns Fry, a Toronto-based securities firm, yesterday cut its forecast of Ontario's 1994 growth rate to 3.3 per cent from 4.2 per cent, to reflect the expected impact of the tax increases on consumer spending. It also warned that borrowing requirements may be higher than expected.

Mr Pérez first said he would resign if the supreme court

decided against him, but has asserted he would name one of his government ministers to serve as acting president.

Mr Pérez first held the presidency in 1974-75, a bonanza era when the country was the second-largest supplier of oil to the US.

But his second term, starting in 1988, has been marked by political and social unrest in an oil-rich but corrupt country where many live in poverty.

W Africans hurt by EC beef policy

By Leslie Crawford

EC SUBSIDIES for beef exports to West Africa are destroying the livelihood of pastoralists who rely wholly on cattle-rearing in the semi-arid Sahel region south of the Sahara, according to the British charity Christian Aid.

With other European aid agencies, Christian Aid has launched a campaign for the abolition of these subsidies.

Since 1984, EC beef exports to West Africa have increased seven-fold, subsidised to the tune of 228m by European tax-payers. Local beef prices have collapsed. The low-quality, subsidised EC beef sells at half the price of locally produced meat. Sahelian farmers are finding that no-one is prepared to buy their herds.

EC beef dumping is not only

threatening the survival of Sahelian communities, it also undermines aid from the EC itself to support livestock production in the Sahel.

Hundreds of millions of Ecu from the European Development Fund have been spent on building refrigerated abattoirs in Burkina Faso, on improving cattle breeds in Mali, Gambia and Senegal, and on promoting disease control in the Ivory Coast and Ghana.

An EC council of ministers meeting is expected to discuss the issue at the end of the month.

Christian Aid argues that to stop the export of subsidised beef to West Africa would not seriously damage farmers in Europe. Less than 0.5 per cent of total EC beef production of 8.7m tonnes in 1991 was exported to the region.



Sahelian stock-raisers complain that EC beef exports are wrecking cattle sales, their families' only economic resource

Car makers see 'win-win-win' in Nafta

NORTH American vehicle makers dispute the conventional wisdom that the North American Free Trade Agreement will bring a surge of investment in the Mexican automotive industry at the expense of US and Canadian plants.

More likely, they predict, is a rationalisation and integration of facilities in all three countries.

"Mexico will get its share of investment," says Mr Mustafa Mohatarem, director of economics at General Motors. "But to the extent that there's excess capacity in the US and Canada, you're not going to add on capacity in Mexico, especially in the short term."

The Mexican car market is growing by about 7 per cent a year. But the domestic car industry is expected to focus increasingly on the smaller models most popular with first-time buyers. Mr Mohatarem compares Mexico to Spain, which, since its accession to the European Community, has become a hub for small-car production.

While growth in the US and Canadian markets is much slower and likely to remain so, the car companies are confident that Nafta will also benefit suppliers in those two countries.

If all goes to plan, Nafta will stimulate trade between Mexico and its two northern neighbours in much the same way as the 1985 US-Canada automotive agreement led to a surge in trade between those two countries. The trend which has seen vehicle and

parts makers treat the US and Canada as a single market for the past three decades is expected to extend gradually to Mexico.

Nafta provides for duty-free trade among the US, Mexico and Canada within 10 years for parts and for vehicles which exceed 62.5 per cent North American origin. The threshold will rise from the 50 per cent level set by the 1985 US-Canada Autopact, to 56 per cent after five years and to 62.5 per cent. Nafta will have a tighter definition of North American content

than the Autopact.

At the same time, the local-content and trade-balancing requirements of Mexico's Automotive Decree will be phased out. The present 1-to-1 "trade-balancing" ratio between exports and imports will drop to 0.55-to-1 after 10 years.

Mexico will cut its local-value-added content requirement immediately from 36 to 34 per cent, and by another one point a year after five years. The rule will be eliminated entirely after 10 years. The value-added threshold will only be 20 per cent for sales above those achieved just before the agreement is implemented.

The Auto Decree forces foreign carmakers to assemble a wide range of vehicles in Mexico. Although some export-oriented plants are as efficient as anywhere on the continent, those centred on the local market have relatively small production runs and high costs. Ford's factory in Mexico City, for instance, turns out eight different models.

Both GM and Ford intend to switch

production of larger models now made in Mexico to under-planted parts in the US or Canada. Ford, for instance, will probably move production of the 10,000 Thunderbirds now

assembled each year in Mexico to an under-planted plant in Ohio.

GM sold only 1,805 US-assembled cars in Mexico last year. But the manufacturers are confident that the new trade-balancing ratios will be sufficient for their northern plants to compete for virtually the entire growth in the Mexican market.

GM predicts that the US's automotive trade deficit with Mexico, now running at about \$2bn (£1.2bn) a year, will swing to a "significant" surplus.

Nafta's biggest boost to Mexican investment could come from manufacturers which do not yet have a presence there, but are keen to boost sales of economy-sized models in a fast-growing market. In particular, indus-

try observers predict that Honda and Toyota will put up assembly plants in Mexico within the next few years to complement existing factories in the US and Canada.

But foreign companies with only one plant in North America are more likely to pick a site closer to the main US markets than Mexico. BMW recently announced plans to build a plant in South Carolina. Two other German carmakers - Mercedes-Benz and Audi - are also expected to opt for a US site.

For the time being, transport costs will limit the appeal of investing in Mexico. Ford cites the example of its compact Escort and Tracer models.

These cars are assembled at plants in North America, Hermosillo in north-central Mexico and Wayne, Michigan, on the outskirts of Detroit.

The Mexican factory has a \$30-an-hour advantage in labour costs. But the further north cars are shipped from Mexico, the more this advantage is eroded by freight costs.

Ford finds it economical to ship Mexican-assembled Escorts and Tracers within an arc covering roughly one-third of the southern and south-west US. The Michigan plant

continues to serve the big markets in the north-east US, as well as the whole of Canada. Its output remains about double that of Hermosillo.

But differences in transport costs could narrow as Mexico's infrastructure improves and border procedures are streamlined. Even now, some Canadian parts suppliers ship to Mexico and vice versa.

The Canadians are confident that despite frequent complaints about high wages and taxes - they will continue to attract new investment under continental free trade. Chrysler, which produces about a third of its North American vehicles in Ontario, announced earlier this year that it was boosting capacity at its Brampton plant outside Toronto.

A boost to US and Canadian parts makers could come from the increase in the rule-of-origin threshold from 50 per cent to 62.5 per cent. Japanese and German "transplants", most of which only just meet the 50 per cent target, have already begun raising the North American content of their vehicles.

"This formalises a level they were heading for anyway," says a Canadian trade negotiator.

The weakness of the US dollar against the yen gives foreign carmakers another incentive to lower their dependence on imports. But even with the 62.5 per cent threshold, they will be able to source almost all their high-value electronic, chassis and powertrain components abroad.

Industry disputes the view that the trade pact will benefit Mexico at the expense of Canada and the US, writes Bernard Simon

Clinton wins 'fast-track' Gatt backing

By Nancy Dunne

In Washington

US SENATORS on the powerful finance committee yesterday voiced broad support for a swift extension of President Bill Clinton's "fast-track" negotiating authority in order to finish Uruguay Round negotiations by December 15.

Senator Patrick Moynihan, the committee chairman, promised to introduce the fast-track measure, unencumbered by conditions, on the Senate floor today.

Fast-track is seen as a necessity for any US administration in trade negotiations, because it allows a final package to go through the Congress without amendment.

Mr Mickey Kantor, the US trade representative, yesterday told committee members that he expects the trade ministers of the US, EC, Canada and Japan to agree on the broad outline of a tariff reduction package by the time of the leaders of the Group of Seven industrial powers meet in Tokyo on July 1.

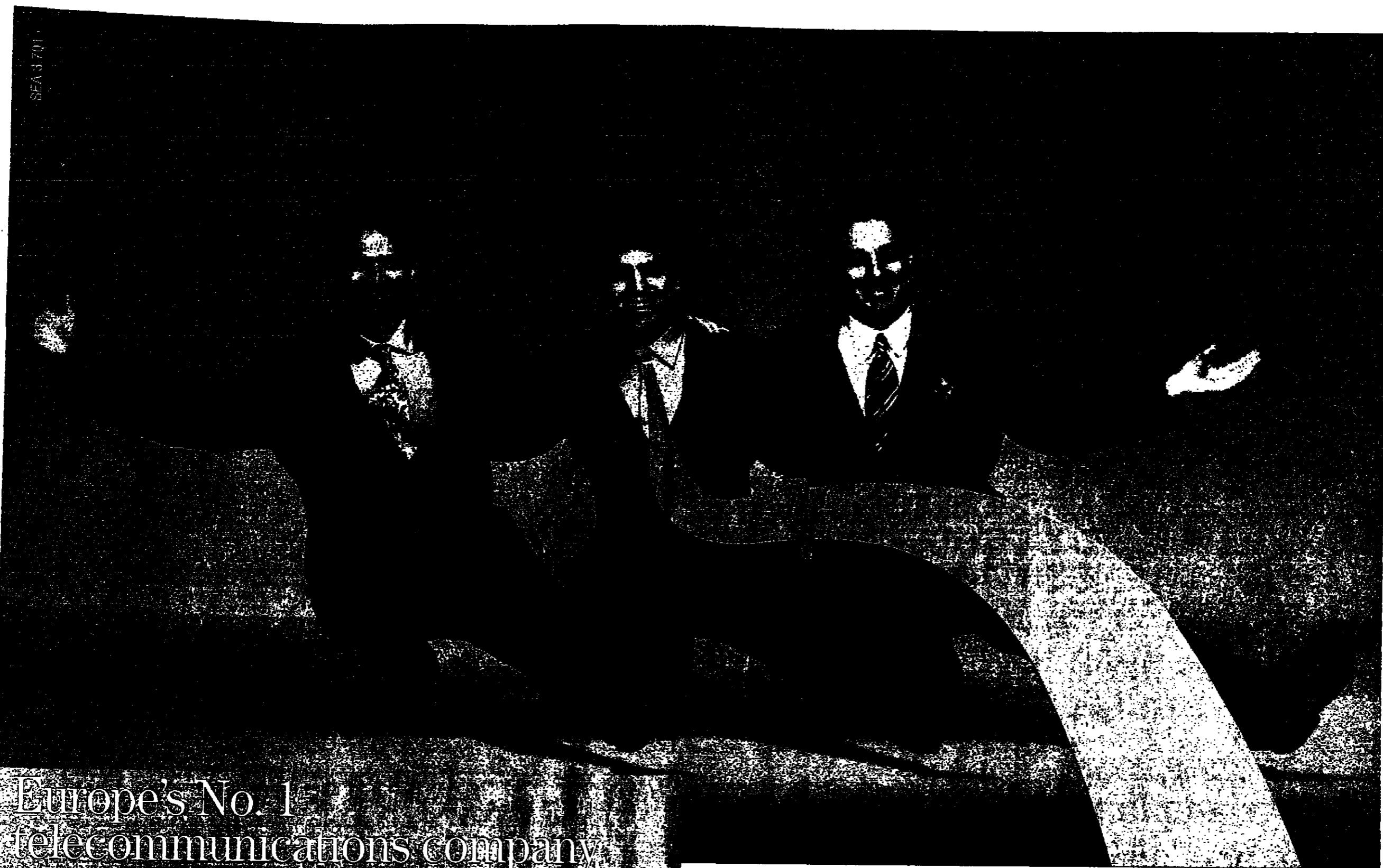
Although completion of the round by the target date will be "a tall order", he said, the four ministers who met in Toronto last week made significant progress in producing a market access package, particularly in two areas important to the US - semiconductors and wood products.

The Japanese are now "engaged" in the process and aware that "they will have to take a leadership role".

By the time the trade ministers meet in Tokyo there will have been 12 ministerial meetings on tariff reduction, Mr Kantor said. "I remain hopeful that as the host country for the G7 economic summit meeting, Japan will demonstrate its commitment to the success of these negotiations."

He said he would meet the other trade ministers at least twice before the Tokyo meeting.

Once the four ministers negotiate a tariff package, they will return to the bargaining table in Geneva to complete



Europe's No. 1 telecommunications company is helping east-west business get into full swing.

The Commonwealth of Independent States (CIS) needs access to western market economies. Equally, many

European companies are interested in developing new business relationships further east. A fully functioning telecommunications infrastructure is a fundamental prerequisite for meeting these objectives. And it's on this international, east-west stage that Telekom is currently making a vital contribution.

Working closely with several other partners from German industry, we're participating in the CIS ROMANTIS project to create a satellite-supported communications network. This will link the CIS countries to each other and to the western telephone network.

But there's no need to wait until then: Telekom can already offer companies a super-fast data highway to even the remotest location in the east. Via Intelsat and the Russian Intersputnik system, we keep you in constant touch with your eastern contacts, so that together you can really get business moving.

So, in the interests of economic recovery and good inter-country relations, we're thinking a long way ahead.

If you, too, have demanding communications challenges to solve in the east, have a word with the No. 1 in Europe: Telekom.

Telecommunications made in Germany.



We tie markets together.

 **Te•l•e•k•o•m**

NEWS: INTERNATIONAL

Sihanouk to return home for election

By Victor Mallet
in Phnom Penh

PRINCE Norodom Sihanouk, the Cambodian leader and former monarch who has been criticised for living abroad during the implementation of a United Nations-sponsored peace plan, announced yesterday that he would return to Cambodia from his home in Beijing for the general election due to begin on Sunday.

"I will be near my beloved and respected Cambodian people," he said in a statement.

Among those who have urged him to return to Cambodia to support the election are Mr Boutros Ghali, the UN secretary general, and President François Mitterrand of France.

Prince Sihanouk's associates say he has remained in Beijing partly for medical treatment and partly because he wants to save his political ammunition for the period of confusion which is likely to follow the election. He says he will do his best to reconcile Cambodia's warring factions in a coalition government.

Prince Sihanouk said that he, his family and his staff would not vote "because we have to show our strict neutrality".

Fighting continued in vari-

ous parts of the country yesterday between the Cambodian government and the Khmer Rouge, which has vowed to disrupt the election after withdrawing from a 1991 peace agreement. A Cambodian working for the International Rice Research Institute was killed on the road from Phnom Penh to Kompong Cham when his vehicle was ambushed on Wednesday.

There were also renewed outbreaks of political violence ahead of next week's election. The UN Transitional Authority in Cambodia (Untac) said a member of the royalist party Funcinpec was allegedly shot dead in his house by government soldiers. Troops were also accused of killing two members of another political party called Molinaka.

Mr Yasushi Akashi, the Untac chief, yesterday described the election campaign as a "great success". He said that even if the highest standards of mature democracies were not met, the voting would "certainly be the freest and fairest elections in Cambodia's recent history".

Mr Akashi said he would declare on May 28, the last day of voting, whether he considered the conduct of the election to have been free and fair.

See Feature

NEWS IN BRIEF

Malaysian plan to set up new airline

MALAYSIA says it intends to create an airline to operate on domestic and international routes, writes Eieran Cooke in Kuala Lumpur.

Dr Mahathir Mohamad, prime minister, said the new airline was necessary because Malaysia Airlines (MAS), the country's national carrier, was expanding so fast that it had become "overstuffed". He said the new airline could be based on Pelanduk Air, a small carrier which already operates on some domestic and regional routes.

The prime minister said the government would not take up a stake in the proposed new airline. "We want the private sector to do business. We regulate the business", said Dr Mahathir.

Seoul seeks N Korea meeting

South Korea sought to open a channel of communication with an increasingly isolated and intransigent North Korea yesterday to defuse the row over nuclear inspections before a June deadline. Reuter reports from Seoul. Mr Hwang In-sung, South Korean prime minister, in a letter to Mr Kang Song-san, his northern counterpart, proposed a high-level meeting next week "for the sake of national well-being".

Tokyo dismisses rate speculation

Market speculation that the Bank of Japan may be permitting gradual rises in yen short-term interest rates is erroneous, according to a senior central bank official. Reuter reports from Tokyo. "If the market believes the central bank is allowing the money rates to firm gradually, it is absolutely wrong," he told reporters after a slight rise in key money market rates.

Arrests for Thai factory fire

Thai police issued arrest warrants for four executives of the toy factory that burned to the ground last week killing about 200 workers. Reuter reports from Bangkok.

Police said Mr Pichet Laokasem, Mr Churin Unaphum, Mr Chang Ming Kuang and Mr Chung Yuk Ming - charged with negligence and illegal modification of a building - faced up to 10 years in jail and a fine if found guilty.

Hard line on Golan Heights

Only 17 per cent of Israelis would give up all or most of the Golan Heights in return for a peace agreement with Syria, according to an opinion poll published yesterday. Reuter reports from Jerusalem. The Smith Research Centre poll for Jerusalem Report magazine showed 82 per cent of 1,000 Jews surveyed opposed withdrawing from any part of the strategic plateau.

Angola celebrates US recognition

Angola's formerly Marxist MPLA government yesterday celebrated its recognition on Wednesday by the US but Unita rebels said Washington's decision would complicate peace negotiations. Reuter reports from Luanda. Previous US administrations backed Unita during much of the country's 16-year civil war.

IMF watches as Kyrgyzstan fights the battle of the som

John Lloyd in Bishkek on a remarkable currency experiment in the post-Soviet world

A REMARKABLE experiment is taking place in Kyrgyzstan, the poorest of the former Soviet republics. It has introduced a new currency with strong support from the west. On its success depends the future of the state itself, the viability of new currencies in the post-Soviet world and the reputation of the multilateral financial institutions.

Kyrgyzstan is a small, landlocked state on the Chinese border. It has an ethnically divided population - the Kyrgyz are a bare majority with a 25 per cent Russian-speaking minority which dominates production and forms the majority in the capital Bishkek.

The industrial sector of Kyrgyzstan is like that of all ex-Soviet states, but more so. The Frunze agricultural machinery plant made one type of machinery for the former Soviet trading bloc which is no longer in demand and for which it usually cannot get steel anyway. A sugar refinery got its raw material from Cuba, hauled across central

Asia from the Black Sea. Both have all but stopped production.

This is a grim position in which to find oneself, "independent" especially since its years as a Soviet state have left what Kyrgyzstan's foremost economist, Mr Turar Koichuyev, calls a "catastrophe of dependence".

But it is introducing the som ("catfish" in Russian) in place of the rouble, it blazes a trail for the other members of the Commonwealth of Independent States - only one of which, Ukraine, has introduced its own currency, and that without an accompanying programme approved by the International Monetary Fund.

The effects of the introduction of the som have so far been both dramatically good and disturbingly bad. Its first trading session took place on Monday in the street outside the National Bank, where some \$2m was exchanged for som issued

the week before. It held its introductory rate of 4 to the dollar, while on the black market the official rate of Rbs150 to som doubled to around Rbs300. A government decree that, after a five-day transition period, the rouble may no longer be used seems to have been obeyed.

But it has caused an inflamed reaction in neighbouring Uzbekistan.

The border between the two states has been closed, money transfers and trading of any kind stopped and gas supplies shut off. Uzbek President Islam Karimov, no friend of the pro-western leaders of Kyrgyzstan, accused the Kyrgyz of plotting to flood his republic with unwanted roubles. His action threatens to strain further the bad relations between the Kyrgyz and the ethnic Uzbeks who live in the border areas of Kyrgyzstan.

The currency's introduction was badly executed and badly advertised; the result has been that only

Rbs70m to Rbs10bn of the estimated stock of Rbs30bn in the country were exchanged for som in the five days. Residents of Bishkek grumble about the bright new currency - accusing the government of raising prices under its cover, and fearing that the government had given them a quite unconvertible currency.

The som is a test case in two ways. First, it poses a colossal challenge to the leadership of Kyrgyzstan: a leadership which, under the presidency of Mr Askar Akayev and the premiership of Mr Tursunbek Chyngyshev, attempts to chart a pro-market course.

Mr Chyngyshev says: "We believe we had no choice but to introduce the som; it allows us to escape from the inflation of the rouble and to create our own economy."

The chance is there, but the task is difficult. Mr Koichuyev says that

"we can look forward to a really desperate struggle for survival. The measure was necessary - and maybe the struggle will root out our psychology of dependence and create in us a sense of responsibility for our own currency."

This was a momentous decision. It meant that the IMF, and through it the other multilateral financial agencies. The IMF, some six months ago, switched its policy advice dramatically, having previously advised the former Soviet states to stay in the rouble zone, it concluded - after observing the actions of the central bank of Russia in supporting enterprises with a flood of credit - that the only way ex-Soviet states could fight inflation was to take control of their own currencies.

Says Mr Harry Trines, the resident man from the IMF: "It became clear that in the present circumstances no one could reduce infla-

tion while remaining tied to the rouble. And thus the IMF executive board decided that if the (ex-Soviet) countries wanted their own programmes with the IMF they must have their own currency."

This was a momentous decision. It meant that the IMF, and through it the richer countries of the world who provide aid to the former Soviet Union, were implicitly offering to support the new currencies if the state could commit itself to an IMF programme with its familiar features of monetary stability, budget stringency and rapid privatisation.

Kyrgyzstan, uniquely - outside the Baltic states which are not part of the CIS - has done so, earlier this month signing on to a tough programme and receiving \$2m as a first tranche of an \$80m package of support. These funds form the reserves with which the National Bank has supported the currency.

In all, Kyrgyzstan should receive \$400m in loans, including a Rbs750m (about \$100m) from Russia which is promised but the delivery of which must be in some doubt. The World Bank and the Japanese government are to put in about \$100m in budget support - in the form of goods which will be sold in Kyrgyzstan, the proceeds going to the government to finance its budget, thus keeping credit emission within the tight parameters set by the IMF.

For the foreign experts now in Bishkek, the future seems clear enough: a programme (barely begun) which pushes enterprises into the private sector - though there are signs that the state now favours worker-ownership, a route with which the Fund would be unhappy.

Besides that, trading on its few assets - wool, fruit and vegetables, hydro-electric power for which China might provide a market; extraordinary natural beauty; minerals including gold; and a relatively well-educated population.

Signs of thaw for HK talks

By Tony Walker in Beijing and Simon Davies in Hong Kong

SINO-BRITISH talks on the future of Hong Kong resume in Beijing today with the British side hoping that discussions can progress towards substantive negotiations.

China yesterday gave approval to three key Hong Kong franchises after an informal meeting in the colony on the basis of unofficial assurances from China, while Hong Kong Electric has a 15-year extension on its operating licence as monopoly supplier of electricity to Hong Kong Island. The third contract was for a land-fill site.

The contracts had already been approved by the Hong Kong government, but were caught up in the political backlash that followed the announcement of Governor Chris Patten's political reform proposals. China said it would not recognise new franchises handed out by Hong Kong without Beijing approval.

There are indications that a full Joint Liaison Group meet-

ing may be agreed for June, when the terminal contract will be discussed. The agreements suggest China is prepared to move forward on pressing business matters concerning Hong Kong.

The two previous rounds of broader Beijing talks were dominated by a Chinese restatement of "guiding principles", which left little room for discussion of specific issues such as the shape of a possible compromise. Beijing charges that Mr Patten's plans to broaden the franchise for Legislative Council elections go beyond understandings reached in negotiations on Hong Kong's transition to Chinese rule in 1997.

Sir Robin McLaren, Britain's ambassador to Beijing and head of its negotiating team, told reporters in Hong Kong before leaving for China that his aim was to reach agree-

ment on "practical arrangements" for Legco elections due in 1994-95. Sir Robin had been visiting the colony for consultations.

A Chinese foreign ministry spokesman, meanwhile, said the Sino-British talks would produce "positive results" if both sides were guided by previous agreements on the future of Hong Kong. Earlier this week, Sir Robin was carpeted by China over a meeting in London between Mr Douglas Hurd, Britain's foreign secretary, and the Dalai Lama, Tibet's exiled spiritual leader.

Xinhua, the official Chinese news agency, reported that Sir Robin had received a "stern warning" from a foreign ministry official. It described the Dalai Lama as a "political exile preaching so-called independence for Tibet and engaged in activities aimed at splitting China."

Business pulls Taiwan closer to mainland

Community would have to be patient. "Most business people understand that they gain nothing in these links, if they lose Taiwan," he argued.

But patience appears to be a rare commodity. As the costs of land and labour continue to escalate in affluent Taiwan, there has been a flood of investment capital through Hong Kong and into China.

Taiwan is now the single largest source of visitors to the British colony, because despite the inefficiencies of investing indirectly, China relocation has become an economic imperative.

More than 87bn (\$4.5bn) has

been invested across the Taiwan Straits and the focus is beginning to progress beyond basic low-cost assembly plants despite the continued aggressive stance of Beijing.

The government's own game plan for relations with the People's Republic is unequivocally stated in its 1991 Guidelines for Unification. The current "short-term" phase, is one of "exchanges and reciprocity", as exemplified in "practical" bilateral discussions that took place in Singapore last month.

The two countries can progress within the phase of "mutual trust and co-operation" only if China renounces the use of violence to bring this "renegade province" back to the bosom of the motherland and if it recognises Taiwan as a separate political entity.

China has refused to give ground on any of these but it has already started putting pressure on Taiwan to recommend the "three links" - post, transport and commerce - which are clearly identified with the second phase.

Taiwanese President Lee Teng-hui in a press conference yesterday again emphasised the need for mutual trust and recognition before these links are put into effect.

With the build-up to the Singapore meeting - the first quasi-official talks to take place between the two sides since the Nationalists' defeat in 1949 - there had been a growing sense that this process could be accelerated.

The pro-business President Lee has recently consolidated his power-base through the appointment of an acolyte as premier, and brokers argued that he would be prepared to push towards direct links in order to attract support from the business community.

But the government has started to give the lie to this. Last week, the Securities and Exchange Commission was encouraged to put the brakes on listed companies' investment in China, prohibiting the normal standards of China's gerontocratic leadership. He is 23 years younger than paramount leader, Mr Deng Xiaoping.

Mr Jiang Zemin, China's Communist party boss, president, and chief of its Military Commission, may also have his stocks boosted by the continued absence of Mr Li. An apparently vigorous Mr Jiang, 66, has also been much in evidence, receiving a whole range of visitors, including Mr Pierre Cardin, the fashion designer.

Western officials say that it is somewhat ironic that attention has been focusing on the health of Mr Li, who is a mere stripling by the normal standards of China's gerontocratic leadership. He is 23 years younger than paramount leader, Mr Deng Xiaoping.

Mr Jiang Zemin, China's Communist party boss, president, and chief of its Military Commission, may also have his stocks boosted by the continued absence of Mr Li. An apparently vigorous Mr Jiang, 66, has also been much in evidence, receiving a whole range of visitors, including Mr Pierre Cardin, the fashion designer.

Mr Hu said the business



Shimon Peres, Israeli foreign minister, visits the Great Wall of China yesterday. The two countries established diplomatic relations in January 1992. Diplomats said Beijing promised Israel it would not sell missiles to Iran or Syria as it did not want to put obstacles in the way of Middle East peace. China sold Silkworm missiles to Iran during the 1980s, according to western military observers.

Li Peng's illness a boost for rival

By Tony Walker in Beijing

CONFIRMATION yesterday that Mr Li Peng, the ailing Chinese premier, would remain out of view for the moment has fuelled speculation about not only his physical recovery but also his political well-being.

Mr Li's continued absence has boosted the stocks of his chief rival, Mr Zhu Rongji, the reformist vice-premier and former mayor of Shanghai. Mr Zhu this week is making a high-profile visit to Canada and to Latin America.

China's foreign ministry may have inadvertently encouraged talk about Mr Li's future when it told reporters that the premier would not be meeting visiting dignitaries, including Mr Shimon Peres, the Israeli foreign minister.

The 65-year-old Mr Li has not been seen in public since the last week of April. He was photographed playing tennis with Mr Goh Chok Tong, the visiting Singapore prime minister, on April 20.

On April 26, Chinese officials announced that Mr Li would not be able to keep an appointment with Philippine President Fidel Ramos because he was suffering from a "cold". He was also obliged to cancel a 12-day visit to Central Asia.

One month later, no photographs have appeared of a recuperating Mr Li, nor has the Chinese press revealed that his condition required hospital-

isation. In light of persistent reports that Mr Li is suffering heart problems, Chinese officials have long since given up trying to pretend that he has been laid low by the flu.

Mr Li's lingering health problems have now taken on a political dimension, in the view of Chinese and western observers. "You've got to see Zhu Rongji as the big winner in all this," said a long-serving Beijing diplomat. "It certainly raised questions about Li Peng's political future."

"Li had weathered so many political storms in the past that his survival skills were regarded as one of his assets," the official added.

"But this illness has put a dent in the perception

down on the Tiananmen pro-democracy demonstrators in June 1989.

Mr Li's continued absence has reinforced perceptions that Mr Zhu, also 65, who was confirmed as senior vice premier at the NPC, is the "strong man" in the government in any case. Added to responsibilities for the day-to-day work of the administration have been the "high profile" meeting and greeting functions normally reserved for the premier.

Western officials who have seen Mr Zhu in action recently say that he has carried off his additional duties with conspicuous self-confidence. His performance at a meeting in Shanghai earlier this month at a meeting of former world leaders has been singled out for praise.

Western officials say that it is somewhat ironic that attention has been focusing on the health of Mr Li, who is a mere stripling by the normal standards of China's gerontocratic leadership. He is 23 years younger than paramount leader, Mr Deng Xiaoping.

Mr Jiang Zemin, China's Communist party boss, president, and chief of its Military Commission, may also have his stocks boosted by the continued absence of Mr Li. An apparently vigorous Mr Jiang, 66, has also been much in evidence, receiving a whole range of visitors, including Mr

Government faces Tory unease on spending cuts

By Alison Smith

THE GOVERNMENT faced growing unease from its own supporters yesterday as it became increasingly clear that the scale of spending cuts under consideration could lead to significant inroads into the welfare state.

Among controversial moves being considered in the spending review now under way are understood to be the charging of parents directly for university tuition fees and restricting the availability of benefits which are not protected by election pledges.

A change to the existing system under which university tuition fees are automatically paid by the government would make a serious impact on the pockets of middle-class parents. Typical tuition fees would be in excess of £2,000 per year for arts subjects, and much more than this for science subjects.

Invalidity benefit, sickness benefit and housing benefit are among those which could be curtailed under the review.

The threat of a backlash from Tory backbenchers already worried by the government's recent spectacular political defeats will depend on how far the spending cuts affect key groups of Conservative supporters among the middle classes and pensioners.

Mr John Major yesterday confirmed that existing welfare state was being targeted in the review but promised that the government would honour its manifesto commitments, and that the "most vulnerable" people would be protected.

Anxiety, meanwhile, among Tory MPs was reinforced by Mr Michael Portillo, the Treasury chief secretary, who said that prescription charges were "only one of 100 different things to look at".

Mr John Smith, the opposition Labour party leader, said he could not imagine "a more gross betrayal" of the Tories' election commitments than cutting free prescriptions.

Editorial Comment, Page 17

Jobless fall boosts hopes of upturn

By Emma Tucker and Ivor Owen and James Blitz

AN UNEXPECTED drop in unemployment combined with a marked deceleration in wage inflation yesterday revived hopes that the UK economy was on the path of non-inflationary recovery.

The news prompted a strong rise in sterling which closed 2% of a pence up on the day at DM2.5100, a four month high.

The monthly fall in unemployment - the third in a row - helped to offset doubts about

recovery that arose earlier this week when official figures showed falls in retail sales and manufacturing output.

Emma Tucker asks whether official figures may have been massaged to cut the total

The number of people out of work and claiming benefit shrank by 1,400 last month to 2,939,600 or 10.5 per cent of the workforce. The drop followed falls of 25,500 and 25,800 in February and March respectively and took the unemployment rate to its lowest level for five months.

Optimism about the UK's economic prospects were boosted further by news that average earnings growth were at a 25-year low in March.

However, a 45,000 rise in the number of people out of work for more than a year in the first quarter, acted as a reminder of the economy's fragility. At 1.07m, long-term

unemployment is now 234,000 higher than it was in the first quarter a year ago.

The latest official figures from the Department of Employment did little to end the confusion over the trend in unemployment. Some City economists said a strong rise in manufacturing employment for the third consecutive month meant that the drop in unemployment was more than just a statistical "artefact".

But Mr Frank Dobson, the Labour party's employment spokesman, reiterated his accusation that the figures had been "fiddled". He said the government had restricted eligibility for claiming unemployment

benefit, excluding young people, older men and married women with part-time jobs.

Mrs Gillian Shepherd, employment secretary, backed by officials from the Employment Service, said the accusation was "fabricated" and maintained that her department had used the same method of calculating the number of unemployed since 1981.

Mr John Major, the prime minister, while acknowledging that the total was too high, said: "We now have the right conditions which I hope will lead to a sustained fall in unemployment."

Manufacturing employment rose by 5,000 in March the

third consecutive monthly rise, following revisions to the January and February figures.

The government was particularly heartened by the fall in average earnings. Over the past 30 years, earnings growth has only been lower during one brief period in 1967, when an incomes policy was in place.

Low wage growth and continued productivity gains meant that manufacturing unit labour costs fell by 2.9 per cent year-on-year in the three months to March. This was the sharpest fall in unit labour costs since 1984.

Editorial Comment, Page 17

Lex, Page 18

Government accused of pulling fast one on jobs

FOR three consecutive months the official count of unemployment in the UK has dropped. The trouble is, no-one really believes it.

Even the government reacted with caution to the jobless falls in February and March and officials admitted being perplexed by the sudden change in the trend.

Yesterday's fall in the jobless total - confounding expectations of a small increase - has reinforced claims that the figures for February and March were "fiddled".

The Unemployment Unit, a research organisation, claims that in order to meet performance targets for job placements, the Employment Service (ES) made an exceptional effort towards the end of the financial year to shift people off the official count.

The ES has been operating below performance targets for several years. In the last financial year, in the face of a very weak jobs market, it was asked to place 1.42m people from the unemployed register into jobs (compared with a target of 1.23m in 1991/92), and to reject more than 500,000 applications for benefit - roughly 10 per cent of all applicants.

Changes made to the claimant count register over the past decade have, however,

burton, economist at Flemming Research: "It appears that the Department of Employment found itself well short of its targets at the end of December and was forced to make a special effort in the final quarter to catch up."

Thus potential entrants to the register faced a stiff test

The unadjusted count of people out of work and claiming benefit yesterday increased by 3,788 to push the figure back over the 3m mark. The new total of 3,060,511 represents 10.7 per cent of the workforce. The seasonally adjusted rate of unemployment was unchanged at 10.5 per cent. More people joined the dole queues in April, but the monthly unadjusted inflow of 364,800 was 1,600 fewer than a year ago.

and existing claimants of state benefits were given priority in job placement over other job seekers.

The Department of Employment says it has found no evidence of a sudden switch of activity at Job Centres, the network of government offices which advertise vacancies.

Changes made to the claimant count register over the past decade have, however,

made it much easier to shift people off the unemployment register. The opposition Labour party has pointed out that there has been a big increase in the numbers on sickness and invalidity benefit since the mid-1980s.

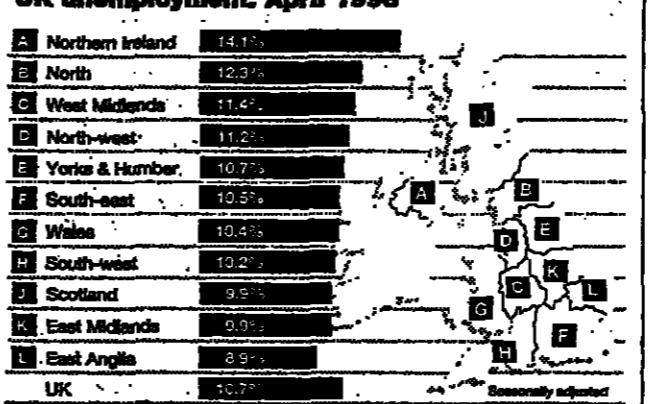
In Parliament this month the government said that while unemployment fell a seasonally adjusted 51,500 in February and March, the numbers on sickness benefit increased by 13,000, and on invalidity benefit by 26,000.

Mr Frank Dobson, Labour's employment spokesman, has produced letters from people saying that although not ill, they have been encouraged by the employment department to sign on for sickness benefit on the grounds that they will get benefit more quickly.

"We have also received letters saying that job centres are reserving large numbers of vacancies for those who are registered unemployed," he says. "This means groups such as married women who may be unemployed but aren't counted in the figures are stopped from applying for jobs."

Some economists have argued that the falls in unemployment simply reflect a pick-up in economic activity. Instead of lagging the recovery

UK unemployment: April 1993



ery, the efficiency of the labour market means it reacts more swiftly to changes in the domestic economy.

Few are happy with this view, not least because there is evidence to suggest that from falling in February and March, unemployment rose. The evidence includes:

- no significant change in the stock of unfilled vacancies;
- Continued falls in manufacturing employment;
- Continued falls in average weekly hours worked, albeit marginal;
- Industrial sector predictions - the Engineering Employers' Federation has forecast that a further 59,000 jobs will be lost in the engineering sector this year while the construction industry expects a further 50,000 job losses.
- no pick-up in overtime;
- and because it is unusual for unemployment to start falling so early in a recovery.

Mr Paul Gregg, of the National Institute for Economic and Social Research, says there can be little doubt that there is "a bit of reclassification going on".

The system is capable of putting more pressure on people to seek work, and unemployed claimants are more successful in getting the few jobs that are going.

Little can be done to check the validity of the official figures until June, when the first quarter labour force survey - which asks people whether they have looked for a job at any time during the past four weeks - is published.

The survey, which will show whether jobless people have been pushed off the unemployed register, will expose any massaging of the figures.

Britain in brief



Major denies obligation to rejoin ERM

British Industry in northern England reported.

The CBI's regional council, meeting in Sheffield, said UK domestic markets were still fragile for many companies but an upward trend in demand was emerging.

Pay deal for shipbuilders

Vosper Thorneycroft, the shipbuilders, announced it had reached a two year 7 per cent pay agreement with its 2,000 strong workforce. This involved a 3 per cent basic pay increase this year with a further 4 per cent in 1994.

But the pay rise was conditional on the workforce accepting the introduction of a compulsory three shift system of working and the introduction of individual worker certification of quality levels in production.

Hackers broke into Warburgs

Computer hackers broke into an international computer network belonging to SG Warburg, the investment bank, a London court has been told.

Mr Neil Woods and Mr Karl Strickland broke into one system operated by Warburgs and, gaining full system manager status, had access to the bank's computers around the world. Mr James Richardson, prosecuting, told the court.

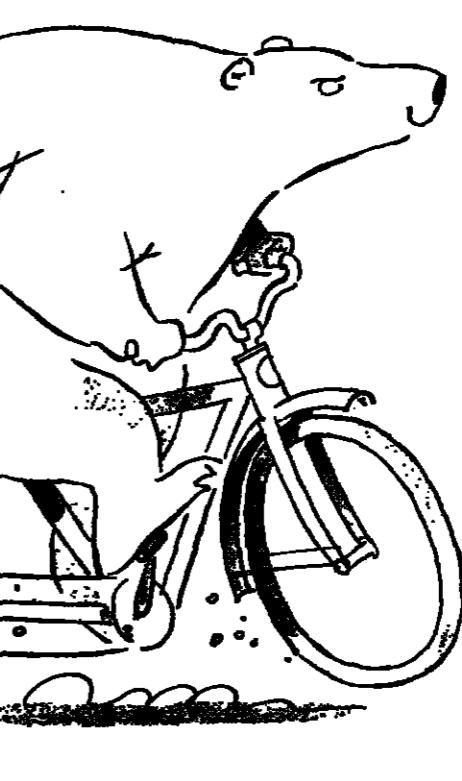
Mr Woods, of Greater Manchester and Strickland, from Liverpool, had pleaded guilty at an earlier hearing to conspiring to obtain telegraphic services dishonestly, and engaging in the unauthorised publication of computer information. The two men are expected to be sentenced today.

German artist fetches £2.3m

A painting by the greatest German romantic artist of the early 19th century, Caspar David Friedrich, sold for £2.3m at Christie's in London yesterday to the J. Paul Getty Museum of Malibu, California. The price, at the low end of the estimate, was a record for Friedrich. It is the first 19th century German painting to be acquired by the Getty.

EC downturn dents exports

Order books are continuing to fill gradually but exports are being dented by sharp economic slowdown in Europe and especially Germany, members of the Confederation of



Turn to Baer Drive to get you there.

In today's topsy-turvy markets, international investors naturally turn to asset managers who offer uncommon experience and flexibility combined with an unwavering commitment to achieving client objectives. That's why so many investors around the world rely on Bank Julius Baer, one of Switzerland's leading private banks with a century-old tradition of preserving and enhancing wealth.

Bank Julius Baer. We're determined to get you there.

JBoB

BANK JULIUS BAER

For the Fine Art of Swiss Banking

Zürich, Bahnhofstrasse 36, CH-8001 Zürich, Tel. (01) 228 51 11
London, Barts Mews House, Barts Mews, London EC1A 7NE, Tel. 071-623 4211
New York • San Francisco • Los Angeles • Palm Beach • Mexico City • Hong Kong
Geneva • Paris • Bordeaux • Frankfurt

A Member of SFA

DON'T CRACK UNDER PRESSURE



TAGHeuer
SWISS MADE SINCE 1860

GET YOUR FT BY HAND DELIVERY.

If you work in the business centres of Malmö, Lund, Stockholm or Gothenburg we'll deliver your daily copy of the FT to your office at no extra cost.

Call Bradley Johnson for details (08) 666 0065.

POLAND

The FT proposes to publish this survey on June 17 1993. It will be seen by leading international businesses in 150 countries worldwide. If you would like to promote your company's activities to this important audience, please contact:

Patricia Bridge
in London
Tel: (071) 873 3426
Fax: (071) 873 3428
or
Nina Kowalewska
in Warsaw
Tel: (22) 48 97 87
Fax: (22) 48 97 87

FT SURVEYS

EXCEPTIONALLY IN MONACO

during the week of the Monaco Grand Prix from Saturday 15 May to Saturday 22 May 1993

EXHIBITION - SALE OF PRESTIGIOUS VEHICLES

Rolls Royce - Bentley - Ferrari - Jaguar
Lamborghini - Aston Martin - Mercedes, etc..

BRITISH MOTORS MONACO

15, Bd Princesse Charlotte
Tel: 93 25 64 84 / Fax 93 50 35 30

NEWS: UK

Belfast rocked by terrorist explosion as counting starts in local polls

Bomb overshadows elections

By Tim Coone in Dublin and Ralph Atkins in London

THE CENTRE of Belfast, the largest city in northern Ireland, was rocked by a 1,000lb bomb yesterday, badly damaging the headquarters of the Ulster Unionist Party, and injuring 20 people just as counting started following local elections on Wednesday.

The bomb detonated as the army attempted to disarm the device by two controlled explosions.

Terrorists, believed to belong to the Irish Republican Army, planted the bomb in spite of an intensive security cordon which has been thrown around the city centre during the past week.

Security was heightened in the lead-up to the elections, in which candidates contested 552 council seats in 26 district councils around the province.

Mr Jim Wilson, the general secretary of the pro-British UUP said: "The IRA have identified their real enemy, the Ulster Unionist people of the province. They obviously know they didn't write us off at the ballot box and they won't do it with a bomb either."

Mr Joe Hendron, MP for the nationalist area of West Belfast, described the attack as "a dastardly act".

The bomb overshadowed counting in the local elections, in which the final results are expected to emerge later today. Early returns however suggest that the UUP vote has slipped from 31 to 30 per cent, while the vote for the hardline unionist party the DUP, and for Sinn Fein, has strengthened in the urban centres of Belfast and Londonderry.

If this early trend is confirmed by the final result, it will disappoint to Sir Patrick Mayhew, the Northern Ireland Secretary, who hoped that votes for the ULP and the SDLP, the more moderate parties on either side of the sectarian



A policeman surveys the damage outside the opera house yesterday in central Belfast

local elections are out of the way.

Two Anglo-Irish conference meetings, however, are expected before any round table talks begin - suggesting a resumption of negotiations that ended in November is at least another month away.

Sir Patrick is due to meet the leaders of Northern Ireland's main political parties, once the

ian divide, would help his efforts to renew the inter-party talks on the province's political future. The talks were abandoned without agreement last November.

There also seems to be only lukewarm support among local political leaders. Mr James Molyneaux, leader of the Ulster Unionists, yesterday said low-key talks on local issues such as job creation were more productive than "phoney circus talks".

Businessman claims Nadir masterminded own escape

By Gillian Tett

THE BRITISH businessman who helped Mr Asil Nadir, the former chairman of Polly Peck International, fly secretly out of the UK, yesterday said the Turkish-Cypriot fugitive masterminded the escape plan himself.

Speaking from northern Cyprus, Mr Peter Dimond, a former aircraft dealer, who orchestrated the first part of Mr Nadir's escape, said Mr Nadir "organised it himself. He didn't need any one else".

Detectives from the Serious Fraud Office had previously indicated that they were seeking another individual said to have planned Mr Nadir's route to northern Cyprus from the UK, where he faces charges connected to the collapse of Polly Peck.

Speaking for the first time since Mr Nadir fled the UK, Mr Dimond said new EC regulations, which do not require passport checks at the airports, had made it extremely

easy to organise the flight, which had involved two aircraft, and six airfields.

According to Mr Dimond, his role in the escape had been in booking the twin-engined Piper Seneca plane which flew Mr Nadir from Compton Abbas airfield in south west England to Beauvais in France, where he was by a Citation jet. Mr Dimond and Mr Nadir flew on by jet from France to northern Cyprus.

Mr Dimond - who claims to be a long-time friend of Mr Clive Hughes, owner of Compton Abbas airfield - said he persuaded Mr Hughes to fly himself and Mr Nadir, whom he introduced as an "aviation friend", to France.

Mr Hughes yesterday insisted he had been unaware of the identity of Mr Nadir's identity.

Mr Clive Vieillard-Boddy - owner of the Piper aircraft, registration number GBSPG - yesterday said he had not known who was using the aircraft.

According to Mr Dimond, his connection with Mr Nadir was through his wife, Mrs Hope Dimond, who had met Mr Nadir when she studied in Switzerland in the 1970s.

Speaking from the family home in Hampshire yesterday, Mrs Dimond said: "It was basically a social connection - we were friendly with his family. We had no business connection with Mr Nadir or Polly Peck at all."

Mr Dimond said he decided to help Mr Nadir out of frustration with the way that the Serious Fraud Office had been handling the case.

"There was no payment for me. It was a simple act of friendship," he said.

Mr Dimond yesterday said that he had no intention of returning to England in the near future.

A former car dealer, Mr Dimond had previously run an aircraft dealing business, which collapsed at the end of 1989's leaving him, he admitted, facing financial difficulties.

Exports boost car output

By Kevin Done, Motor Industry Correspondent

UK CAR production rose by 4 per cent in April, helped by higher output for export markets, but production of commercial vehicles fell heavily for the third month in succession.

Car production increased to 113,236 from 108,902 in the same month a year ago according to statistics released by the Society of Motor Manufacturers and Traders and the Central Statistical Office.

Car output in the first four months at 477,785 was 5.7 per cent higher than in the corresponding period a year

ago. Production has been boosted by higher output for export markets despite the steep fall in new car sales in continental Europe.

UK production is rising as a result of the build-up of output by Nissan, Honda and Toyota, the three Japanese carmakers that have all located their first European plants in the UK.

Nissan is still planning to raise production at its Sunderland plant by 51 per cent in this year to 270,000 from 179,000 in 1992, despite falling sales of its UK-built Primera family car.

Honda, which began output at its Swindon plant last October, is due to produce 32,000

cars this year, while output at Toyota's Burnaston plant near Derby is expected to total 36,000 in 1993.

Car output for export markets in April was 11.9 per cent higher than a year ago, while export production in the first four months increased by 8.2 per cent year on year.

Production of commercial vehicles in April plunged by 33.5 per cent year on year to 14,988, while output in the first four months at 74,188 was 17 per cent lower than in the corresponding period a year ago.

Production has been hit by the collapse into receivership of Leyland Daf in February.

Hurd rejects fears of EC superstate

By David Owen

MAASTRICHT is not a blueprint for a European superstate, Mr Douglas Hurd told MPs yesterday as the bill implementing the treaty moved towards its final reading in the House of Commons.

The foreign secretary warned passionately of the dangers of eroding European competitiveness and to set out his vision of the Community's future.

He assured Euro-sceptics that their fears of a "lurch" towards a superstate were "misguided".

He concluded with a clarion call to MPs to "find again" the decisive will to act together in

the "great matters" where there was a common European interest.

Mr Hurd devoted a large slice of his speech to concerns that the costs the social chapter imposed on employers could have serious consequences for European competitiveness.

"More and more people" were concerned about the high labour costs European companies were "having to shoulder" compared with their international competitors.

The social chapter could "place in jeopardy many of the achievements of the last 14 years in freezing our labour market from restrictions which

destroy jobs."

His views were rebutted by Mr Jack Cunningham, Labour's foreign spokesman, who said the government's decision to exclude the social chapter was "fundamentally unacceptable".

Referring to the manoeuvring that had forced the government to remove the protocol containing Britain's social chapter opt-out, he said Labour had secured a "valuable legal situation" that may yet allow British workers to use the European Court to gain access to the chapter's benefits.

Turning to the future, Mr Hurd referred to a need to build a more decentralised and



You've packed every chart and document in your briefcase. You've fought the battle of the motorway and won (eventually). Now you're faced with the airport.

For some reason there seem to be an awful lot of people who want to do exactly what you want to do. At exactly the same time.

And the ones who don't, want to go in the totally opposite direction.

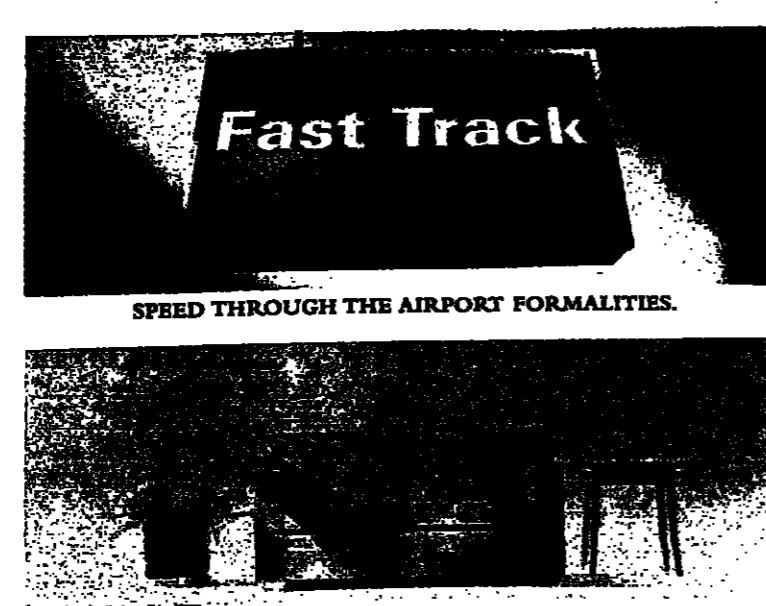
What you're wishing for is a sort of personal conveyor belt which could whisk you straight through to the comfort of your Club World

CLUB
BRITISH AIRWAYS
The world's favorite airline

مكتبة من الأدلة

Why should't travelling be as relaxing as through the air?

because now at Gatwick, that's you Fast Track. specifically for that speeds you up formalities. so you can say unconcerned in the of your lounge. Heathrow, the new his oasis houses corde, Executive old lounges.



Take as much time as you want.

There's absolutely no hurry.

BRITISH AIRWAYS
The airline

جامعة الملك عبد الله

There you can settle down and ponder one of life's mysteries. How do you get one of the world's most peaceful places in the middle of the world's busiest international airport?

Fast Track

SPEED THROUGH THE AIRPORT FORMALITIES.

PEACE AND QUIET IN THE CLUB WORLD LOUNGE.

PEOPLE

Sir Bernard Ashley's flowery farewell

Sir Bernard Ashley yesterday stepped down as chairman of Laura Ashley, the international clothing and home furnishings group, 40 years after the business was founded by his wife. His departure marks an end of an era for the company, and the symbolic completion of its transition from family-owned business to public company.

Sir Bernard was also reported to have sold about a quarter of the Ashley family's 49 per cent shareholding in the company yesterday. He had previously said he planned progressively to reduce the stake to about 25 per cent.

Although some other members of the Ashley family are involved in PR activities, none of them has an active role in running the company, which will now be headed by Jim Maximin, the American chief executive, and Hugh Blakeway Webb, who moves up from deputy chairman to chairman.

Sir Bernard's departure was not unexpected, after the company admitted last month that he had not attended a board meeting since last May, and was devoting increasing amounts of time to his hotel interests in Wales and the US.

Non-executives

■ What type of Guinness are you - draught or overdraught? British Nuclear Fuels' chairman John Guinness, 57, is used to being asked the question and is rather proud of the fact that he has reassured his ties with the overdraught side of the family by becoming a non-executive director of Guinness Mahon, the city merchant bank founded by Robert Rundell Guinness.

His father and grandfather were partners in the bank and his elder brother, Sir Howard, spent a couple of years there before joining S G Warburg. However, John Guinness is not the family's sole representative in the bank now owned by Japan's Bank of Yokohama.

Tim Guinness, 45, joint managing director of Guinness Flight Asset Management, has kept the family name alive, but he's a descendant of the brewing side.

■ Lord Parkinson, 61, the former Conservative minister of transport, is taking over as chairman of Starmain, the quarry products group in which the Abdullah brothers, Raschid and Osman, have a substantial interest.

Starmain, which has a market capitalisation of £15.8m and has just reported an after-tax



loss of £8.5m for 1992 after heavy asset write downs, has been hard hit by the recession.

However, its balance sheet is stronger than many of its smaller rivals and it is understood that Lord Parkinson is keen to take advantage of expansion opportunities.

Lord Parkinson, a former non-executive director of Tarmac, joined Starmain just over a year ago as deputy chairman.

He will take over from the current chairman Owen Rout, a former senior executive with Barclays Bank. Rout, 63, who has been chairman for three years, will remain on the board as non-executive deputy chairman.

■ Pete Kerlet at DC COOK HOLDINGS.

Laura Ashley said yesterday Sir Bernard had intended to retire for some time, and decided the 40th anniversary year was an appropriate time to do so, especially now the company seemed to be staging a recovery after several years of losses. He will become honorary life president and remain a non-executive director, as well as being involved in "conceptual" design.

Hugh Blakeway Webb, a former barrister and partner of accountants Deloitte Haskins & Sells joined the company as deputy chairman in 1991 and has frequently represented Sir Bernard at board meetings. He has been an adviser to the family for some years and was involved in the 1985 flotation.

He also helped negotiate the minority investment by the Aeon group, setting the company back on a firm financial footing, and was involved in assembling the present management team.

■ Anthony Simonds-Gooding, a former group md of Whitbread who lost his job as chief executive of British Satellite Broadcasting when it merged with Sky, at ROBINSON & SONS, a private healthcare and packaging company based in Chesterfield.

■ Donald Carpmael, chairman and senior partner of Tyser and Co, as chairman at NHK (Aviation), in place of Alfred Kingsnorth who becomes deputy chairman and chief executive.

■ Ray Way as chairman at HAMPSHIRE INDUSTRIES on the retirement of John Wardle.

■ Joe Palmer, former group chief executive of Legal & General, as chairman of SPRINGMAN TIPPER CAMPBELL.

■ Roger Rowland has retired from LAMBERT HOWARTH.

■ David Legg has retired from LEX SERVICE.

■ Philip Martin has retired from HAEMOCOCELL.

■ Eric de Bellaligue, recently retired from Pannure Gordon, at The QUARTO Group.

■ Rhys Williams, chairman of the council of the University of Warwick, a founder council

■ John Salkeld, chairman of Southern Newspapers, as chairman at KYNOCH GROUP, member of the Engineering Training Authority and a former director of GEC, at TRANSFER TECHNOLOGY GROUP.

Linx to listen carefully

Linx Printing Technologies, the manufacturer of continuous ink jet printing equipment that issued a profits warning on Tuesday, has parted company with its sales and marketing director, John Shead.

The parting was "amicable" according to Linx chief executive, Derek Harris, but follows recognition that the group's sales strategy had gone astray in Europe.

Replacing Shead is John Cetti, who has spent eight years building from scratch the European ink jet business of Videojet, a company based in the US but controlled by GEC of the UK.

Videojet appears to have been among the companies taking market share from Linx and the other UK-quoted ink jet printer maker, Domino Printing Sciences - which six weeks ago also issued a profits warning.

While Linx and Domino may have run into trouble meeting their plans, they will both be aware of another UK competitor, Willett, a private Northampton company with sales of £50m, says sales of its wider range of products including ink jet printers are still growing in Europe, possibly as a result of selling through subsidiaries rather than through foreign distributors.

Harris said Cetti's arrival is the first stage of a reorganisation in Europe that has yet to take a firm shape. "We have to listen carefully to what John says now," he says.

Cetti will have responsibility for Linx worldwide sales and marketing operations.

■ John Wilson, previously general manager of exploration, has been appointed to the board of HARDY OIL & GAS. From 1960-1972 Wilson was head of the British Geological Mission in Peru and worked for BP until 1989 culminating in the position of business development manager responsible for Australasia and Latin America.

In 1990 he joined the energy unit of International Finance Corporation, a World Bank affiliate.

■ Jean Suaudeau, formerly general manager of Avis' French operations, has been appointed chief operating director at AVIS EUROPE.

CONSTRUCTION CONTRACTS

Servicing the oil industry

EDMUND NUTTALL has won a £4m contract from Peterhead Bay Authority to construct a new jetty and breakwater in Peterhead Harbour, Grampian region of Scotland. The jetty is to provide berthing facilities for North Sea service vessels, while the breakwater will give protection to a future marina development planned for the harbour area.

The main works involve the construction of a reinforced concrete jetty 170 metres long and 23 metres wide, supported on tubular steel piles. The breakwater will consist of a 250-metre long layered rubble mound.

Associated works include dredging and rock removal, the placement of graded fill over the existing foreshore and seabed to reclaim a 180 x 40 metre storage area and a marina base area. Sheet piling, and electrical and drainage provisions will also be undertaken.

The location of the works is to the west end of the ASCO (Aberdeen Service Company) south base berths within Peterhead Bay harbour.

Cambodian study

Engineering consultant HALCROW has won its first ever project in Cambodia. With UNDP assistance, the Mekong Secretariat is financing an irrigation rehabilitation study, worth US\$30,000 (£24,000), for selected projects in different parts of the country.

Against international competition, Halcrow has been selected to undertake the 12-month study - in association with Madecor Consultants of Philippines - and will have a team based in Phnom Penh.

Football stadium

EC HARRIS reports that the £3.1m improvement of Coventry City Football Club's Highfield Road Stadium has started on site. EC Harris is acting as employer's agent.

The FA Premier League club is bringing its ground up to the standards of the 1990 Taylor Report on stadium safety.

The design-and-build contract, due for completion in July 1994, involves building an east and corner in-fill stand, and re-roofing the north stand.

Public Record Office at Kew



A contract worth in the order of £10m has been awarded to HOW ENGINEERING SERVICES by the Property Services Agency for the new Public Record Office (pictured) at Kew Gardens.

Kew is already the largest

repository for the national archives of the government and this new Public Record Office which is to be constructed predominantly as an

additional repository facility also includes offices, document conservation and other sundry areas.

A new link with the existing building is also to be constructed together with the refurbishment of part of the original building which will remain in occupation by staff and public.

The sophisticated and integrated mechanical and electrici-

cal services incorporate addressable fire alarm systems with specialised smoke detection and low velocity air-conditioning system with building management to protect and serve the specialist requirements of the new repository.

In addition to the traditional M & E services How Engineering Services will be providing lighting protection, security and voice alarm systems.

Office development in Marylebone

Access will be restricted

to the site of the inner city development is bounded by adjoining properties on two sides.

The offices will incorporate a high content of mechanical and electrical services.

The contract includes all internal finishings and fitting out of the office and reception areas and will be administered on behalf of IMS International by Monk Dunstone Associates.

The first task of Tilbury Douglas' design and build team will be to evaluate the condition of the existing building, fabric and services.

Work on TWM's three-year

management contract is under way at the Royal Naval Engineering College at Manston, HMS Raleigh training base, and the Royal Naval Gunnery School at HMS Cambridge.

TWM also has a three-year works services management contract worth £7m for two facilities in Portsmouth - the

refurbishment work at RAF Brize Norton. The third, for £2.2m of building work at RAF Northolt, was won by Myton, a subsidiary of the Taylor Woodrow group.

Work on TWM's three-year

works services management contract worth £7m for two facilities in Portsmouth - the

Royal Naval Hospital, Haslar, and Fort Monckton.

The 18-month contract to refurbish the junior ranks mess at RAF Brize Norton near Witney in Oxfordshire, has begun. TWM is also undertaking a similar refurbishment project at Castle Martin army training camp in Pembrokeshire, for completion this spring.

Myton's £2.2m contract to

build a non-commissioned officers' mess at RAF Northolt in Middlesex is already under way.

£30m orders

won by Taylor Woodrow

refurbishment work at RAF

Brize Norton. The third, for

£2.2m of building work at

RAF Northolt, was won by

Myton, a subsidiary of the

Taylor Woodrow group.

Work on TWM's three-year

works services management

contract worth £7m for two

facilities in Portsmouth - the

Royal Naval Hospital, Haslar,

and Fort Monckton.

MANAGEMENT

When Ulysses put his son in the care of his old friend Mentor while he began his epic journey, little did he know what he was starting.

Some three thousand years later mentoring has become one of the most fashionable areas in management development. According to a recent survey by the Industrial Society, 40 per cent of British companies have a mentoring scheme, and a further 20 per cent are thinking about creating one. The subject has spawned its own jargon, specialist consultancies, conferences and even a society with a database dedicated to mentoring.

But the idea could scarcely be simpler. A mentor is someone with experience who offers help and knowledge to someone junior. The mentor is not the boss, nor is he or she trying to teach anything specific. They are there to guide, listen and advise.

There is nothing special about that: most people on the rise have had their own career confidants, just as most senior people have had a protégé or two. Mentoring, as conceived by the human resource experts makes the process formal and, by doing so, creates a fairer system, less subject to politics and back scratching.

Mentoring as a science was established in the US in the 1970s, when an article in the Harvard Business Review argued that being a mentor distinguished a leader from a mere manager. Other US research found that top executives who had had a mentor did better than those who had not.

In the 1980s mentoring caught on in the UK as a way of helping graduates settle down in big companies. Now there are mentors for managers at all levels, mentors for disadvantaged groups of employees and even mentors for mentors.

The idea accords well with the latest management thinking: people "own" their development and in flat organisations, where people are no longer being told what to do by their immediate superiors, they need others to guide and help them.

Despite the popularity of mentoring schemes, not all have been successful. Many of the early US efforts went wrong because they were too formal and established so many rules for the behaviour of mentor and mentee that the relationship was stifled. In the UK the problem has been the reverse. According to David Clutterbuck, director of the European Mentoring Centre, some companies simply said "You are a mentor, go away and mate", and then were surprised when their schemes collapsed.

At a recent conference on mentoring organised by the Industrial Society, Clutterbuck said the most common sources of problems occur when companies failed to:

- Prepare the mentors or mentees properly
- Set clear goals for the scheme
- Set clear goals for each mentoring relationship
- Provide support networks for mentors and mentees.

BT, the telecoms group, has addressed many of these issues and has established a large mentoring programme for its graduate engineers. The aim, says Adam Scott, an enthusiastic mentor and a director of BT, is to avoid the "rather muddled experience" he had when he

was selected as someone who not only had the necessary experience, but also had "interpersonal skills."

The loss of senior management time is the main cost of the scheme - Scott estimates the six annual meetings he holds with each mentee cost about £10,000-£20,000. At the first meeting he sits with his mentee at his Apple Mac computer and they agree the terms of their relationship, its confidentiality and the subjects to be discussed.

Scott, in common with other BT mentors has been trained in the art. So, too, have the mentees and the line managers, who are left out of the relationship, but who need to understand and support what is happening. Every three months there are meetings for both sides to discuss shared concerns. Mentors

are shy and at best are average communicators on a public platform. Some are downright grey: the remarkably successful Mulcahy has been dubbed "Mogadon Man". Most are keener to listen and consult than to hold forth and believe strongly in team leadership.

John Major, the second cast-list of his admirers might think. The most obvious contrast is with Hogg.

Hogg may be "ultra-careful and terribly reserved" as a UK academic puts it, and he certainly inclines to consensus rather than assertive leadership-from-the-front. Yet he conforms completely to a description of outstanding leaders given by Peter Senge, a US academic expert on the subject. Rather than conventional charisma, "What distinguishes them is the clarity and persuasiveness of their ideas, the depth of their commitment and their openness to continually learning more," says Senge. "They instil confidence in those around them."

Few leadership experts would score Major highly on clarity and consistency of vision. Most would agree with Philip Sadler, the former head of Ashridge Management College, that Major's goals are "unstrung beads". They lack the unifying thread which a good business leader finds vital.

On the second attribute, communications, Major has demonstrably failed to perform. Unlike reticent chief executives, who can delegate much of their external relations downwards to specialists, or upwards to an extrovert chairman, political leaders are only as effective as their own ability to communicate.

It is a moot point whether Major deserves a high score on the third key attribute, teamwork, in spite of his belief in it. Given the poor quality of so many of his government's decisions and subsequent climbdowns - or incoherent refusals to compromise - it is far from clear that he is stimulating a sufficiently thorough team dialogue. Moreover, instead of allowing his more headstrong colleagues to take ill-considered decisions, he should, in common with Attlee or Petersen, show he has the steel to overrule them from time to time.

In politics as well as business, leaders who want to have staying power must tailor their style to changing situations

If not quite a vision in the usual sense - create a sort of charisma, at least among close colleagues.

Petersen had that too, but also something rather different. His "vision" was as much to do with reforming Ford's internal structures and processes - creating what he called "a teamwork dynamo" - as with achieving distinction in the US car market, though he did that in spades. Every account of his tenure during Ford's remarkable revival in the 1980s stresses his collegial, listening, and "enabling" style.

In theory, that makes Petersen the closest parallel to John Major - or, rather, to the way Major tries to operate. Which brings us to what academics would call the "systems differences" between political and business leadership.

Andrew Katabadze, a Cranfield professor who studies business leadership in nine countries, boils the usual long list of key attributes down to three: "visioning"; good communica-

British companies are turning increasingly to mentoring, writes Lucy Kellaway

Guiding lights

MENTORING IS A TWO-WAY THING, STURGE. I GIVE YOU THE BENEFIT OF MY VAST EXPERIENCE AND INTERPERSONAL SKILLS, AND YOU BUY THE DRINKS



mon sources of problems occur when companies failed to:

- Prepare the mentors or mentees properly
- Set clear goals for the scheme
- Set clear goals for each mentoring relationship
- Provide support networks for mentors and mentees.

BT, the telecoms group, has addressed many of these issues and has established a large mentoring programme for its graduate engineers. The aim, says Adam Scott, an enthusiastic mentor and a director of BT, is to avoid the "rather muddled experience" he had when he

was selected as someone who not only had the necessary experience, but also had "interpersonal skills."

The loss of senior management time is the main cost of the scheme - Scott estimates the six annual meetings he holds with each mentee cost about £10,000-£20,000. At the first meeting he sits with his mentee at his Apple Mac computer and they agree the terms of their relationship, its confidentiality and the subjects to be discussed.

Scott, in common with other BT mentors has been trained in the art. So, too, have the mentees and the line managers, who are left out of the relationship, but who need to understand and support what is happening. Every three months there are meetings for both sides to discuss shared concerns. Mentors

are shy and at best are average communicators on a public platform. Some are downright grey: the remarkably successful Mulcahy has been dubbed "Mogadon Man". Most are keener to listen and consult than to hold forth and believe strongly in team leadership.

John Major, the second cast-list of his admirers might think. The most obvious contrast is with Hogg.

Christopher Lorenz

The Major problem with quiet leadership

VISIONARY, charismatic, inspirational, extrovert, relentlessly energetic and assertive, even autocratic and arrogant. That, in a cliché-clad nutshell, is most people's picture of the effective leader, whether in politics, the military, or business.

Consider a representative list of such leaders: Churchill, Kennedy, De Gaulle, Thatcher, Montgomery, MacArthur, Alfred Sloan, Jack Welch, Lee Iacocca, John Harvey-Jones, Anita Roddick.

But what about Dwight D. Eisenhower and Harry S. Truman? To quote the inimitable Peter Drucker, they were singularly effective yet "possessed no more charisma than a dead mackerel". Nor, in the usually accepted sense of the word (charisma, not mackerel), did Abraham Lincoln, Clement Attlee - Britain's first post-war prime minister - or Konrad Adenauer. In our day the same goes, for such manifestly successful and "transformational" business leaders as Donald Petersen, ex-chairman of worldwide Ford, Geoffrey Whalen of British Petroleum, Sir Geoffrey Mulcahy of Kingfisher (UK Woolworths) and - arguably - Sir Christopher Hogg of Courtaulds and Bentleys.

All are shy and at best are average communicators on a public platform. Some are downright grey: the remarkably successful Mulcahy has been dubbed "Mogadon Man". Most are keener to listen and consult than to hold forth and believe strongly in team leadership.

Which brings us to the unfortunate and accident-prone John Major, Britain's nice prime minister. Over the past fortnight he has been vilified as never before - for possessing what appear, at first sight, to be similar characteristics and style of my second group of heroes.

How come the paradox? Does what works in business fall flat in politics? Or is Major a Petersen or Mulcahy in the making, if only his critics will get off his back?

Sadly for Major, he is less simi-

lar to the second cast-list than his admirers might think. The most obvious contrast is with Hogg.

Hogg may be "ultra-careful and terribly reserved" as a UK academic puts it, and he certainly inclines to consensus rather than assertive leadership-from-the-front. Yet he conforms completely to a description of outstanding leaders given by Peter Senge, a US academic expert on the subject.

Rather than conventional charisma, "What distinguishes them is the clarity and persuasiveness of their ideas, the depth of their commitment and their openness to continually learning more," says Senge. "They instil confidence in those around them."

Few leadership experts would score Major highly on clarity and consistency of vision. Most would agree with Philip Sadler, the former head of Ashridge Management College, that Major's goals are "unstrung beads". They lack the unifying thread which a good business leader finds vital.

On the second attribute, communications, Major has demonstrably failed to perform. Unlike reticent chief executives, who can delegate much of their external relations downwards to specialists, or upwards to an extrovert chairman, political leaders are only as effective as their own ability to communicate.

It is a moot point whether Major deserves a high score on the third key attribute, teamwork, in spite of his belief in it. Given the poor quality of so many of his government's decisions and subsequent climbdowns - or incoherent refusals to compromise - it is far from clear that he is stimulating a sufficiently thorough team dialogue. Moreover, instead of allowing his more headstrong colleagues to take ill-considered decisions, he should, in common with Attlee or Petersen, show he has the steel to overrule them from time to time.

In politics as well as business, leaders who want to have staying power must tailor their style to changing situations

If not quite a vision in the usual sense - create a sort of charisma, at least among close colleagues.

Petersen had that too, but also something rather different. His "vision" was as much to do with reforming Ford's internal structures and processes - creating what he called "a teamwork dynamo" - as with achieving distinction in the US car market, though he did that in spades. Every account of his tenure during Ford's remarkable revival in the 1980s stresses his collegial, listening, and "enabling" style.

In theory, that makes Petersen the closest parallel to John Major - or, rather, to the way Major tries to operate. Which brings us to what academics would call the "systems differences" between political and business leadership.

Andrew Katabadze, a Cranfield professor who studies business leadership in nine countries, boils the usual long list of key attributes down to three: "visioning"; good communica-

TECHNOLOGY

Crumbling highways and congestion have forced the US to re-think transportation, writes Victoria Griffith

The intelligent car hits the road



association, known as the Intelligent Vehicle Highway System.

Among the association's long-term goals are the installation of computerised sensors on all federal highways to limit the number of stops a vehicle is forced to make. These sensors would aim to eliminate toll booths by debiting users' bank accounts as they pass through invisible borders. The sensors would also be equipped to weigh trucks in motion and offer computerised cargo inspection.

The new attention being paid to transportation is triggered by necessity. Traffic problems are worsening, bridges and highways continue to crumble and the cost of repair is mounting.

These factors are forcing the federal and state governments to take a hard look at longer-lasting infrastructure.

Once the system was in full operation, a truck could move across the country, petrol permitting, without making a single stop.

The new sensors would be useful, not only on highways, but on urban streets as well. In Los Angeles, a new IVHS project plans to install sensors at 4,000 intersections. The sensors would aim to minimise "wasted green time" - the period of time a traffic light stays green without any vehicle passing through.

When the flow of cars slowed down, the sensors would tell the traffic light to turn red, giving other cars at the crossing a chance to move ahead. According to IVHS, over \$200m will be spent on these types of systems over the next 20 years. Some 80 per cent of that investment is set to come from the private sector and the remainder from federal and state governments.

"The US is the only country in the world with a 20-year plan for IVHS," says Fred Tucker, head of the automotive division at Motorola.

Private companies, hopeful that the US can take the lead in this area, have been moving ahead with IVHS tests, and related products, such as self-navigation systems, should be on the market later this year.

In Orlando, Florida, General Motors specially produced 100 cars for the project, all equipped with "talking" devices to give drivers directions and computer screens featuring maps of the area. Sensors on the cars let the computer know the exact location of the vehicle, enabling them to guide drivers. The experiment was so well-received that more comprehensive navigation tests are being organised in several regions of the country.

In a project in the Chicago suburbs, about 5,000 vehicles will be equipped with computers which will not only give directions but will also try to keep drivers away from traffic jams. The Chicago experiment, sponsored in part by Motorola, will not rely on

specially made vehicles but, instead, on the installation of systems similar to those the group eventually hopes to sell on the mass market.

Motorola will collect information from the cars' computers about their movements and relay traffic reports to their drivers.

"We'll use the computers to tell drivers about road conditions, traffic congestion and other information," said Joseph Ligar, who is heading the project.

Even the most sophisticated navigation systems, though, will not help much if the US does not move quickly to improve the condition of its roads.

A congressional report has warned that, in two years, 35 per cent of the country's interstate

roads will have outlived their useful life. Rather than patch up the problems in piecemeal fashion, the government is investing in new technologies to improve the roads' durability.

"The price of concrete, cement and other building materials is very small compared with the overall cost of construction," says Surendra Shah, a professor of engineering at Northwestern University and a leading researcher on innovative building materials. "So it makes sense to use the best material available, even if it is a little more expensive."

Construction groups are working with a slew of new materials to expand the lifespan of roads and bridges. Some new concretes, by using fibre and chemical additives, are attaining strengths 10 to 25 times higher than everyday concrete. One of the problems with concrete is that it is porous and thus susceptible to moisture-produced cracks.

Many companies have begun to use microfine particles to fill in the holes and, thereby, to "waterproof" roads. "Micro-silica is extremely effective in eliminating the permeability of concrete," says Kenneth Rear, technology manager at WR Grace, a big concrete maker. Concrete is also an extremely brittle material, highly susceptible to cracking. To improve bonding at an atomic level, some groups are experimenting with polymer additives such as carbon, steel, glass fibres and polypropylene.

These additives improve the flexibility of concrete, enabling construction companies to use thinner layers of the material in road construction.

"This new product is just as cheap as asphalt to use and far more durable," says Leet Denton, president of Denton Construction in Detroit. There are many other innovations to improve the quality of concrete.

One chemical group, Arco Chemical, is working on a chemical product which would pre-shrink concrete before it is laid down, reducing cracking later on.

And Denton Construction has championed fast-drying concrete which, through the use of high-grade stone and insulation blankets, can support traffic within four hours of being laid down.

Many of these products have come into use only recently in actual construction; others are still in the experimental phase.

However, most transportation authorities predict an avalanche of new innovations over the next few years. If they are right, US highways could soon leap from 1950s' technology into the 21st century.

Worth Watching - Della Bradshaw



Making life easier for the tellers

The latest object-oriented software has been adopted by computer maker Siemens Nixdorf Information Systems to make it easier for tellers in banks and building societies to carry out transactions and sell extra services to their customers.

Each customer becomes a single "object" on the system, and attached to each are details of accounts, mortgages and other business with the bank.

Information on an teller can be displayed and entered using a mouse and operating in the Windows environment, or in a keyboard format running under Dos, OS/2 or Unix.

Siemens Nixdorf, AST and IBM have all announced the launch of PCs based on the latest, and most powerful, Intel microprocessor, the Pentium.

IBM has also developed a means of upgrading older PS/2 machines with a Pentium processor.

AST: UK, 081 568 4350. IBM: UK, 0705 321212.

Mixing up a time saver

Builders and do-it-yourself enthusiasts could save both time and money with a collapsible cement mixer, designed by a former engineer from Watford.

David Garrow's patented

Gizmix replaces the traditional mixer's steel drum with a synthetic rubber bag inside a web of telescopic tubular rods.

Packaged with the motor the

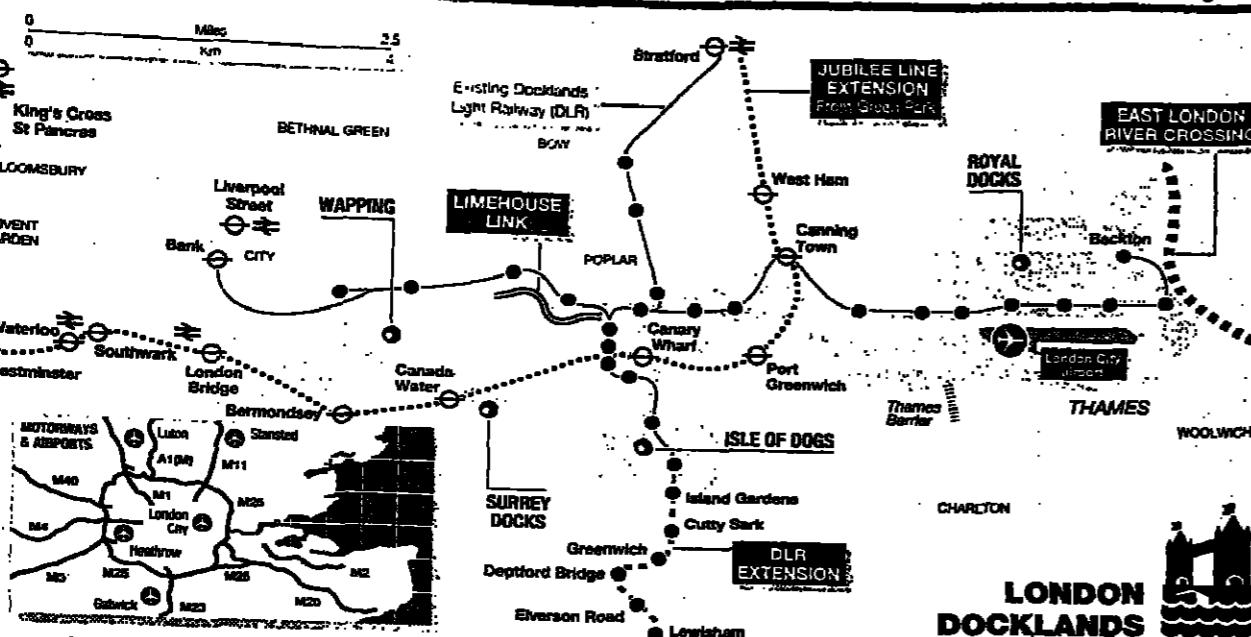
Property scene: why Docklands' defenders believe fortunes can yet be transformed: PAGE 3

FINANCIAL TIMES SURVEY

LONDON DOCKLANDS

Friday May 21 1993

Once a gateway of world trade, Docklands' calm waters are now free for windsurfing: PAGE 4



May the best dream win

After serious setbacks for London Docklands – a £10bn, world-class experiment in urban regeneration – recent events seem to indicate that the worst may now be over, reports Michael Cassell

LONDON DOCKLANDS has always needed its visionaries and dreamers. The last three years, however, have been more likely to generate nightmares.

The 5,000-acre riverside sprawl to the east of the British capital, a world-class experiment in urban regeneration and a marble-clad totem to the forces of free enterprise, was born at the dawn of Britain's entrepreneurial renaissance.

The economic boom years of the 1980s gave it a flying start as it set about showing the sceptics and the small-minded how government and business could unite behind a £10bn budget to transform dereliction and decay into a 21st century, wealth-creating community.

But as the debate intensified over the logic of a strategy which built skyscrapers first and roads second, so the swift transition from economic boom to recession piled problem upon problem down in the docks.

The story of how golden promise turned to dark despair has been well catalogued. An upstart rival to the centuries-old City on its doorstep, dockland's ability to usurp the traditional role of the Square Mile was always in question. The collapse of the UK economy – and in financial services and the south-east, in particular, seemed to provide the answer.

Land which had doubled in value between 1986 and 1987 was now unsaleable, along with the apartments which had boasted jacuzzis and six

noughts on the end of their asking prices. Companies which had been on the brink of moving in, pulled back; new development ground to a halt as the inventory of empty space rocketed.

The crisis of confidence seemed to spread to those with responsibility for docklands, both within the London Docklands Development Corporation and in Whitehall. The Department of the Environment, having raised expectations, decided against moving its own staff to the area.

The spectacular collapse of Canary Wharf, the most grandiose property scheme from the world's most ambitious property developer, also threw into doubt the future of the crucial, £1.8bn Jubilee line underground extension. The government expressed regret – from the sidelines.

"Last September was the low point," recalls Mr Eric Sorensen, LDDC chief executive. "There seemed to be very little more that could be added to our problems."

Beyond Docklands, the public impression was that the entire project had shut down, that the area was set to revert to a wilderness. Yet the doom and gloom about what was always going to be a long-term project, with its fair share of ups and downs, may always have been a bit overdone.

In Dockland's darkest hour, more than 61,000 people were living there, a similar number were employed there and 2,500 businesses were operating

there. The economic fault lines could not detract, either, from the sheer physical achievements of some of the most enterprising developers and designers.

But the statistics were of little comfort in the immediate crisis. Mr Sorensen says, "no point in whistling the wind."

The best contribution was to

press on with efforts to ensure that the all-important transport links were developed – "it was not just about physical construction; it was psychological important for the whole area that we should make progress," he adds.

THE LDDC has worked hard in helping to get the Jubilee line extension back on track and, following agreement by the European Investment Bank to inject £98m into the project, believes an important corner has been turned. A final go-ahead, however, is still awaited.

Other, recent events have conspired to offer some hope that the worst really might be over. Canary Wharf could soon be out of the hands of administrators, while the ill-fated docklands light railway is improving its unreliable image and expanding its network.

The opening this month of

the controversial docklands highway, a dual carriageway running from the city to the London City Airport, will transform access, although there are fears of serious congestion around Tower Hill.

A new, 225m roadway, the underground Limehouse Link, greatly improves communications between Docklands and the City of London.

starting at only £39,000.

Foreign investment interest is also perking up, with the Bank of China recently completing the purchase of a block of 48 apartments on the Isle of Dogs. New efforts to attract

inward investors from overseas are being made by the LDDC.

The position of Docklands as a vital, commercial bridgehead to the east of London was recently endorsed by the government when it announced

plans for a "golden corridor" of development running along both sides of the Thames as far as Tilbury and Sheerness.

The proposals were immediately welcomed as evidence of the government's commitment to building up the economy to the east

of the capital. Mr Michael Howard, the Environment Secretary, slapped down "critics and doom mongers" to suggest that Docklands will resume its growth once the economy gets under steam.

He was announcing the creation of a task force to spearhead long-term economic development along the so-called East Thames Corridor. The intention is to have a planning framework in place by March 1994.

Already, however, there are critics of the proposals, who point out that such a strategy could suck development away from the west of London. They also stress that much of the relevant land to the east of the capital has been ravaged by

years of industrial misuse.

Though Mr Howard spoke of docklands as a "great success story," his plans for further expansion to the east clearly revealed that lessons have been learned in high places.

A key to the plans will be in ensuring that the development of the corridor coincides with an extensive infrastructure programme. A more flexible strategy will also mean less concentration on office developments and the provision of a broader range of integrated projects.

The minister envisaged 100,000 new homes and 100,000 extra jobs in a decade. Virtually the same targets are shared by Docklands itself. May the best dream win.

London City Airport has the shortest check-in time in Europe

Why waste time flying from anywhere else?

■ TRANSPORT INVESTMENT

Envy of the capital

DOCKLANDS is caught in a trap when it comes to transport. On the one hand, it wants to secure investment in more and better links by stressing to government the inadequacy of the existing infrastructure. On the other, it seeks to lure investors by telling them how good its transport is now.

Amid the resulting confusion, the overriding impression is that the first of these two versions is correct: that the government has let docklands down by failing to provide better transport. Indeed, the developers of Canary Wharf have directly attributed that project's financial failure to the inadequacy of the links between central London and the Isle of Dogs. But are these criticisms founded on reality, or myth?

To answer the question, it is necessary to go back to the beginning of the docklands story. It is sometimes forgotten just how modest the government's ambitions for docklands were when it set up the London Docklands Development Corporation to regenerate the area in 1981. Then, all it fore-saw was the construction of 8.5m sq ft of light industrial premises. Clearly, east London's transport needs had to be looked at afresh, but at that time it seemed enough to improve the roads and install the "toy town" Docklands Light Railway on a shoestring budget of £77m.

That might have been the end of the story had it not been for the Reichmann brothers. But when they and their private property company, Olympia & York, arrived in 1987 with their grandiose scheme to turn the Isle of Dogs into London's third business centre (the other two being the West

End and the City), the transport plans were thrown into chaos.

Considering the scale of the demands being made on it, the government reacted with astonishing speed and generosity. Within months, it was carrying out detailed work on the options for improving docklands' transport infrastructure.

The East London Rail Study was completed and published in January 1988, and in November of that same year a Bill to authorise construction of the infrastructure include:

- Office and industrial property; housing page 3
- A growing community: movers and shakers who are helping to make Docklands work page 4
- Amenities; leisure facilities; eating out page 4

Jubilee Line extension went before parliament. More than £3.5bn was committed to roads, the Underground line and the upgrading of the Docklands Light Railway.

It is true that not all this transport investment went smoothly – but then, transport investment rarely does. Services on the Docklands Light Railway, for example, were continually disrupted by the upgrading programme.

Under pressure from Olympia & York to do something about the railway's poor performance, the government eventually stripped control of the line from London Transport and installed a new management team headed by Sir Peter Levene, the former procurement chief at the Ministry of Defence.

Worse, the Jubilee Line was never built. But that was not the government's fault. Since it was the Canary Wharf development that had given rise to the need for the line, and since Canary Wharf would be the

main beneficiary of it, the government had secured an undertaking from Olympia & York that the company would make an up-front contribution of £100m towards the line's £1.8bn construction cost.

When Olympia & York collapsed, the company defaulted on its agreement, and construction of the line has been postponed ever since. In other respects, however, docklands is now looking well-served by transport. The main features of the infrastructure include:

- Roads: the £1.65bn roads and river crossings programme is virtually complete, with many roads opening ahead of schedule.
- The single most important road, the underground Limehouse Link, opened six months ahead of schedule this month greatly improving communications between docklands and the City. Barely a mile long and costing £225m to build, it is reputed to be *pro rata* one of the most expensive pieces of road in the world.

Under pressure from Olympia & York to do something about the railway's poor performance, the government eventually stripped control of the line from London Transport and installed a new management team headed by Sir Peter Levene, the former procurement chief at the Ministry of Defence.

The line is now performing relatively, with capacity greatly increased.

• Jubilee Line Extension: the

government has pledged that construction of the Jubilee Line extension from central London to docklands will begin as soon as the private sector produces its promised £100m contribution.

Last month the European Investment Bank said it was prepared to plug the gap by lending £100m to whoever took over Canary Wharf from the administrators, but the decision is likely to take some time to translate into action.

• London City Airport: a 25m runway extension made it possible to introduce jet services at the privately-owned London City Airport in docklands last year, leading to an expansion of services.

The airport will also get a boost from the opening of the Limehouse Link, which it claims will put it within a 15-minute taxi ride of Tower Bridge in the City.

• Riverbus: a fleet of Riverbus provides a novel form of urban transport along the Thames between docklands and central London, operating at 15-minute intervals during peak hours.

So where does that leave transport in docklands today?

Whatever else it may be, it is the envy of the rest of the capital – and indeed, the rest of the country – which has been starved of transport investment to pay for the £3.5bn being lavished in east London.

With Canary Wharf in administration and the rest of docklands blighted by the surpluses overhanging the property market, it could reasonably be argued that the real question is no longer whether the amount being spent on transport in the area is too little, but whether it is too much.

Richard Tomkins

City (30 minutes from the West End), with the opening of the Docklands Highways in May. No queues and a 10 minute check-in, London City Airport is the most time-saving, trouble-free way to fly on business to more and more places in Europe.

LONDON CITY AIRPORT

Frequent scheduled flights to

BERLIN · BRUSSELS · LUGANO · PARIS · ROTTERDAM · STOCKHOLM · VENICE · ZURICH
AND THIS SUMMER AMSTERDAM, ANTWERP, BELFAST, DUBLIN AND FRANKFURT

To receive our current Flight Schedules and Passenger Information Booklet please complete the details below.

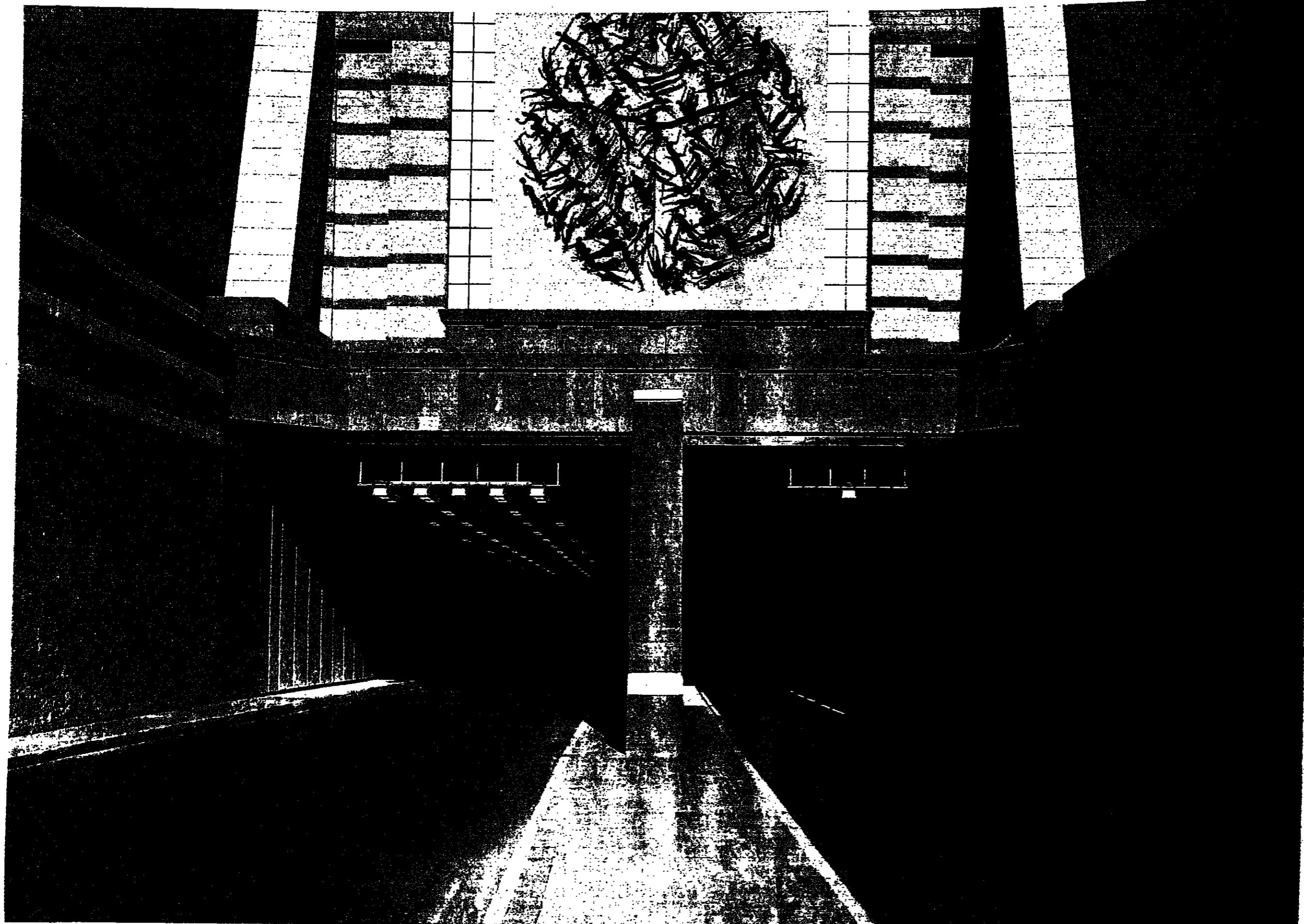
NAME: (Mr/Mrs/Ms) _____ JOB TITLE: _____

COMPANY NAME & ADDRESS: _____

POST CODE: _____

TEL NO.: _____

Please return this voucher by post or by fax to: THE MARKETING DEPARTMENT, LONDON CITY AIRPORT, ROYAL DOCKS, LONDON E16 2PX TEL: 071-474 5555 FAX: 071-511 1040



It looks like the end of the road for the Knocker.

For the driver heading to Docklands, there's light at the end of the tunnel.

With the Limehouse Link now open, Canary Wharf is just 10 minutes from the City, while London City Airport is 20 minutes away.

Now, when the question, "How do I get

to Docklands?" is asked, "Very slowly" won't seem such a witty reply.

Especially as the Isle of Dogs is now just 30 minutes from the M11/M25 junction.

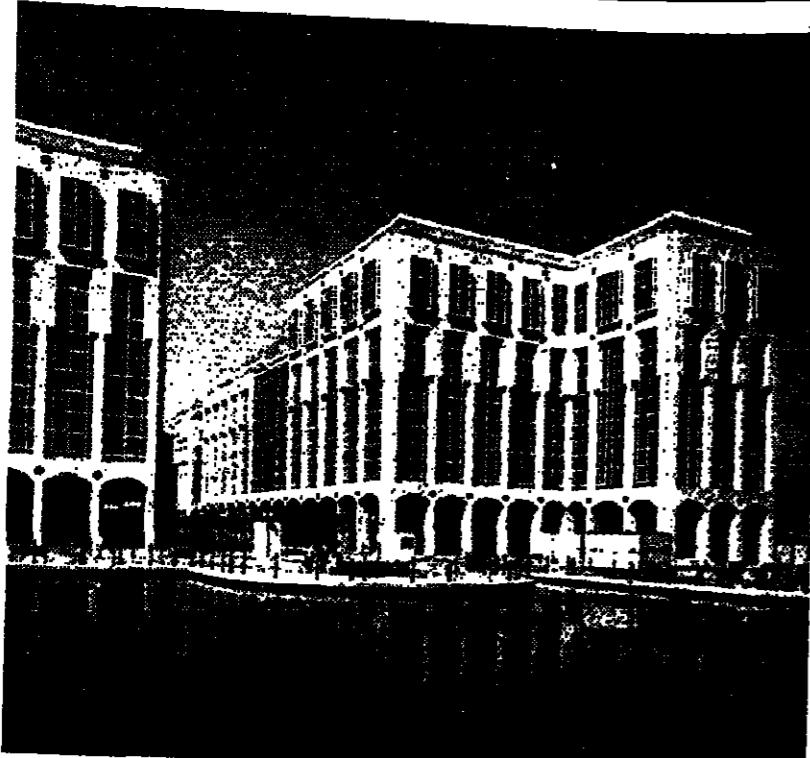
In fact, the Docklands highways now provide continuous four-lane roads connecting

Westminster, the City, and Docklands. And on through to the M11.

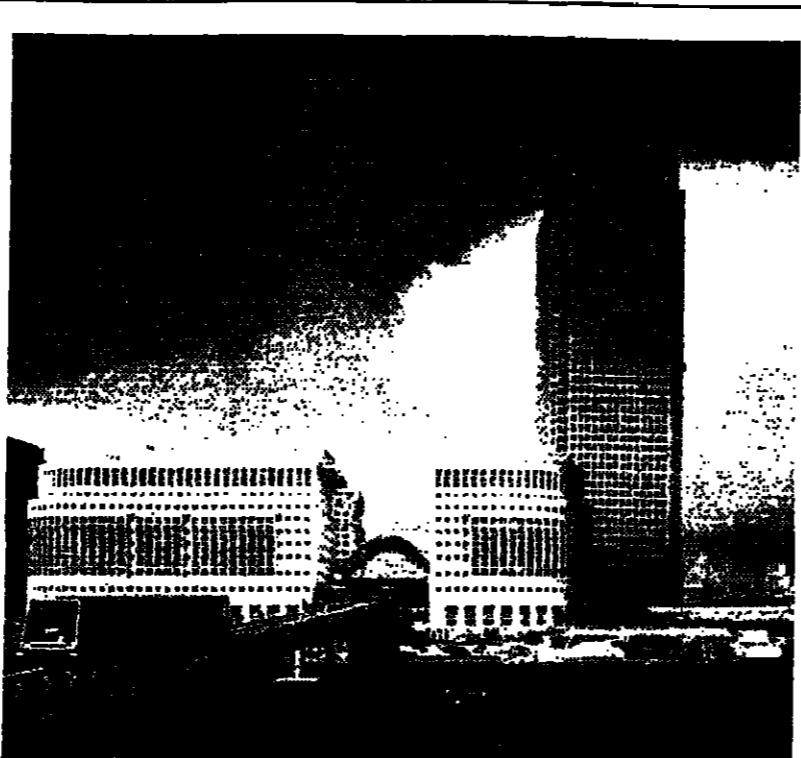
For everyone except the Knocker. For him, they're roads to oblivion.

London Docklands
FOR OUR INFORMATION PAGE ON OFFICES OR HOMES RING 071-512 8458

LONDON DOCKLANDS 3



Waterside offices at East India Dock



Canary Wharf with the Docklands Light Railway connection

■ OFFICE PROPERTY

Dockland defenders remain hopeful

A YEAR after Canary Wharf's insolvency sent shockwaves through the Docklands office market, opinion remains sharply divided about the sector's prospects for recovery.

The sceptics doubt whether the area has a chance of ever living up to the ambitious plans that were hatched in the second half of the 1980s. They believe that the high-profile problems of Canary Wharf and other schemes have dealt a lasting blow to the Docklands' prestige. Moreover, the over-supply in the City and weak demand from the financial services sector will severely constrain take-up of offices. At the current rate of take-up, there is well over a decade's supply of available office space.

But its defenders believe that within the next five years, its fortunes could be transformed. They think it can still fulfil its potential of being London's third business centre, along with the City and West End.

The area's champions draw encouragement from improvements to the Docklands transport system and the arrival of large tenants such as Texaco at Canary Wharf.

Moreover, they contend that Canary Wharf's move into administration was less damaging to tenant demand than was generally assumed, notwithstanding the decision of some of the Wharf's tenants, such as American Express, to abandon their move.

Interest in the Docklands from potential tenants actually increased after the insolvency of Canary Wharf, according to Mr Roger Parsons of Knight

Frank & Rutley, chartered surveyors - "we had a lot of people come and have a look purely out of curiosity. It raised expectations that there were incredible deals because everyone assumed the Docklands was on its knees."

Indeed, demand for office space in the Docklands showed slight signs of improvement last year. Take-up increased to 322,000 sq ft in 1992, compared to 182,500 sq ft in 1991, according to Knight Frank & Rutley.

The trend also improved in the first quarter of 1993, which saw the highest quarterly take-up rate of 213,603 sq ft, since the second quarter of 1990. However, it is unclear how sustainable this improvement will be. Some 90 per cent of the first quarter's take-up was the result of moves by three occupiers from in or immediately around the Docklands. The largest deal was struck by the London Borough of Tower Hamlets which in February announced that it would move its town hall to a 140,000 sq ft building in the East India Dock development.

The European Language School, Northern and Shell, the publishers, bought the 54,000 sq ft Merchant House in City Harbour and East London Telecommunications units let 27,000 sq ft at Limehouse Court.

Another notable deal in the first quarter of 1993 was the LDCC's sale of three acres in March to the Lord Chancellor's Department, which announced plans to build a 150,000 sq ft court room complex in East India Dock. Other office tenants that have taken space in the past year include Endsleigh Insurance, which rented 24,000 sq ft in South Quay Plaza II in 1992, the Dept. of Transport, Sunrise TV and the National Therapeutic and Osteopathic Society.

THE Western International University of Phoenix, Arizona agreed last summer to open a London campus that would occupy 20,000 sq ft of Glengall Bridge, a scheme by London and Edinburgh Trust and BICC Development at Millharbour. Another educational establishment, the European Language School, also took space in the scheme.

The attraction of the Docklands for most incoming tenants is price. Typically, a new tenant would pay £10 per sq ft for a ten year lease, with 2½

years rent free. Furthermore, the Uniform Business Rate of around £10-15 per sq ft for top specification space is cheaper than in the City and West End rates where it averages some £23 per sq ft. However, the 1993 revaluation, which is based on rental values in April 1993, will reflect this difference.

Although there has been a trickle of small and medium-sized deals in the past year, the Docklands will need to attract large office users before it has a realistic chance of recovery. Some 57 per cent of available space of available space in the Isle of Dogs (which totals 2.87m sq ft) is in buildings over 200,000 sq ft.

Unsurprisingly, Canary Wharf dominates the market. It accounts for half the available space in the Isle of Dogs, which in turn accounts for 84 per cent of the LDCC area.

Its prospects remain highly uncertain. Since the project moved into administration, it has attracted little interest from tenants. Even with an economic recovery and a resolution of the uncertainty surrounding the Jubilee Line extension, the prospects of filling up the 4.5m sq ft project are daunting.

Recovery in the Docklands

is likely to lag the rest of the London office market. Agents blame the meagre level of interest from potential tenants on the intense price competition from other parts of London.

"The problem is that there hasn't been a good reason to come to the Docklands. The competition has been so strong," says one agent.

The best hope of Docklands

property owners is that once the large new office blocks in the City of London have been taken up, large occupiers will decide to move down the river to the docklands, rather than opt for second hand accommodation that lacks air-conditioning. Another faint source of comfort for Docklands' landlords is that the development pipeline has virtually dried up.

Moreover, there is little likelihood that the large development projects that have already won planning permission will come to fruition.

With its modern office space and improving infrastructure, the Docklands should benefit from a pick-up in tenant demand as the economy recovers. But even the most optimistic observer of the Docklands believes that pulling its property market out of its current position will be a long, slow haul.

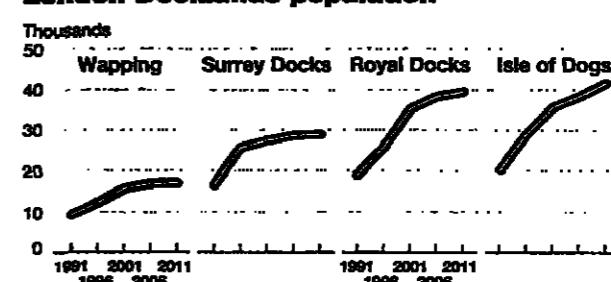
Vanessa Houlder

Despite a recent surge of interest among buyers, caution remains the overriding theme

■ HOUSING

New mood of realism as market stirs again

London Docklands population



Builders are certainly renewing their interest in the area, albeit cautiously. Having sold nearly all the properties on its Hitte Point development, Barratt London has started work on Sovereign View, a former wharf on Surrey Docks, which will provide 275 homes and apartments. Prices will start as low as £25,000.

Fairview New Homes is also building in Docklands for the first time, developing 113 low-cost starter homes on a 2.4-acre waterside site at Timber Wharves, Isle of Dogs.

Prices on the development, which has yielded the first

There is a growing number of sales of residential property for investment purposes

land deal of such a size for four years, will start as low as £39,000.

There are also some housing association schemes under way, a sector of the market which for a time has represented the only meaningful development in the area.

The LDCC is now, above all, looking for a period of equilibrium in local housing. It wants to place the emphasis, initially, on low-cost housing and will then release what it describes as higher quality locations as market conditions permit.

It is particularly excited about the prospects for developing an urban village to the south of Royal Victoria dock.

The LDCC envisages 300 housing units being built over the next two and half years and - in a rolling programme - wants to see 7,000 homes and a complete community in place within seven years. The infrastructure is already in place. Such schemes point to the way ahead. There are few who believe that the return of super-luxury property developments is, once again, just around the corner.

A great many fingers have been burned in the last three or four years and Docklands realises that it will not be in its own interests if the local housing market is exposed to another damaging debacle. According to Mr Biggell, "this time round, it is all going to be much more down-to-earth."

Michael Cassell

■ INDUSTRIAL SECTOR

A return to favour

FOR most of the 1980s, the industrial sector's role in regenerating London Docklands was eclipsed by the rapid growth of the office sector. But in the wake of the slump in the Docklands' office market, the sector's potential is being re-examined.

The London Docklands Development Corporation has commissioned Knight Frank & Rutley, chartered surveyors, to consider the prospects of attracting light industry to the area. Although the findings have not yet been published, they are likely to show that there is scope for putting more emphasis on industry property.

"The fact that the LDCC is now seriously considering industrial development in the Docklands is logical and sensible in view of the infrastructure and spending already accorded to the area and given the state of the office property market," says Mr Stephen Mallen, head of property research at Knight Frank & Rutley.

A greater emphasis on industrial development would build on an established base. The docks traditionally had numerous industries related to the import and export of goods, even though it was rarely associated with heavy manufacturing. North Woolwich and Silvertown are still important areas for manufacturing and service industries. For instance, long-established com-

panies include Pura Foods, refiners and bottlers of edible oil, in Leamouth and Tate & Lyle, sugar refiners and Charlyns, the brewers in Silvertown. That said, the past two decades saw a rapid decline in industrial activity. The closure of the Docks left many riverside industries with no long term prospect of survival.

Some critics of the LDCC think that it did not do enough to tackle the continued decline of the area's traditional industrial and manufacturing base - the LDCC has consistently encouraged and even accelerated this decline. Rather than use its power and resources to assist local industries, the Corporation tends to see them as a barrier to regeneration, said the Docklands Consultative Committee, a group set up by the area's local authorities.

The LDCC did not accept this criticism. It pointed to the support it gave businesses through serviced industrial sites at Cody Road, north of Canning Town, Crescent Street in E16 and the Poplar Business Park, together with the London Industrial Park that Newham set up in Beckton. Vari-

ous government grants such as City Grant are also available.

The LDCC has earmarked 42 acres of land for light industry. The proposed sites are four acres at Quebec Way in Surrey Docks, seven acres at Cody Road, north of Leamouth, 11 acres on the south side of King George V Dock and 20 acres on the south side of Albert Basin.

SOME critics suggest that these sites may have problems attracting occupiers. Access may be too difficult and the high building and landscaping requirements too onerous to suit some potential users.

However, a change in policy which allowed industrial or distribution companies to use better sites might ultimately be considered a wasted opportunity. Having invested heavily in upgrading the area - some £250m has been spent on infrastructure in the Royal Docks - it holds out the hope of attracting prestigious occupiers, such as a business park or corporate headquarters.

A decision to encourage industrial development would, in some respects, be a break

with the past. The architects of the dockland's regeneration had an ambivalent attitude to manufacturing industry. They did not want to "condemn Docklands to its past," as Mr Reg Ward, its first chief executive put it. The efforts made by local authorities in the 1970s to bring back manufacturing industry were considered to be futile. Moreover, the Docklands, they believed, had the potential to be more than a routine industrial development area.

The LDCC got the chance to prove this in 1982, when the Government set up an Enterprise Zone covering 480 acres on the Isle of Dogs and Lee Estuary. This gave a ten-year exemption from rates and allowed 100 per cent tax write-offs against the capital costs of non-residential buildings.

Although the government had expected the Enterprise Zone to encourage industrial expansion, the LDCC believed it could also be used by office users, who would be attracted by the ability to write-off their investment against tax.

"We used the EZ in an entirely different and somewhat 'maverick' way... to make the Isle of Dogs an office and commercial location rather than confirming it as an industrial one," said Mr Ward.

Builders put up flexible 'business space' which could be used for activities ranging from warehousing, production, research and development and offices. Although these were mostly successful, the emphasis increasingly switched to office developments in the 1980s as the service sector

Vanessa Houlder

The difficulties of attracting industry to the inner cities means that more industrial development cannot play more than a partial role in the regeneration of the docklands. But the area's greatly improved infrastructure and its over-supply of offices makes a good case for putting a greater emphasis on industrial development.

The area's greatly improved infrastructure and its over-supply of offices makes a good case for putting a greater emphasis on industrial development.

Travel into the future

Docklands Light Railway is being transformed into one of the world's finest light rail systems, as an integral part of transport in London.

An £800 million programme of investment has seen the system link with the Underground at Bank and will shortly herald the opening of an eight kilometre extension to Beckton.

A new signalling system, a new fleet of trains, and further track improvements will mean a more flexible and efficient service throughout the enlarged network, and by Spring next year potential capacity to the Isle of Dogs will have more than trebled to 24,000 passengers per hour.

With journey times of around 10 minutes from Bank to Canary Wharf and 20 minutes from Bank to London City Airport (via shuttle bus service from Canary Wharf), the Docklands Light Railway is going places, fast.



DOCKLANDS LIGHT RAIL

ANCHORAGE POINT, E14

SUBSTANTIAL PRICE REDUCTIONS!

RIVERSIDE PENTHOUSES

VIEWS OF THE THAMES AND CANARY WHARF

Spacious, (1,900 sq ft, approx) 3 bed/2 bath 8/9th floor duplex apt. in luxury block with pool and gym. Secure underground parking, portersage, video entryphone system. 10 minutes walk from Canary Wharf, 20 minutes to Bank by DLR.

Heron Quay.

Fully carpeted, marble tiled bathrooms, fully equipped Bulthaup kitchen. South West-facing terrace.

SUBSTANTIAL REDUCTION

TO £235,000

Lease and service charge details available from Sales Office.

Call the Sales Office on 071-537 4488,

or Savills on 071-488 9586.

LUXURY 2 BED/2 BATHROOM APARTMENTS

Canary Wharf 10 minutes walk. Riverbus to Charing Cross in 20 minutes. The City by DLR from Heron Quays 20 minutes. Superb accommodation with exclusive leisure facilities - pool, gymnasium, saunas. Secure block with underground parking, video entryphone system and portersage.

Each apartment is carpeted, with fully fitted kitchen and marble tiled bathrooms. Balcony and views to Canary Wharf.

FROM £112,000

DOCKLANDS/STRATFORD

INDUSTRIAL UNITS

TO LET

FOR FURTHER DETAILS

CONTACT: MR D GENT

TEL: 081 534 4845

EXTENSION 24636

Valuation & Estates Division Gable House, 27a Romford Road, Stratford, London E15 4LL

NEWHAM COUNCIL

TECHNICAL SERVICES

QUALITY, SERVICE, EQUALITY.

COMMERCIAL DEVELOPMENT SITES

SITES

FOR SALE/TO LET

CONTACT: ANDRE RIAN OR

MISS K. JOHNSON

TEL: 081 507 8637

LONDON DOCKLANDS 4

■ LEISURE FACILITIES

Plenty of surprises - old and new



Wet sailing at the Royal Docks Docklands has 55 miles of waterfront

WAS on my way to the Surrey Docks Watersports Centre when I came across the story of the whale oil which lit the lamps of London.

At the Watersports Centre, you can sail, canoe or windsurf if you are over eight years old and are able to swim 50 metres in light clothes. The whale oil story, less bracing but more intriguing, is on a Docklands Heritage information panel near the water's edge at Greenland Dock.

It says: "Two hundred years ago, you would have been unhappily aware of the awful stench of rotting whale blubber. Each spring, small ships left here for six-week dashes to the icy, storm-blown Arctic waters off Greenland. Half-rotten whale blubber was brought back in casks and boiled in huge copper pots on this dockside to extract the oil. Much of it was used to light the streets of London."

Two hundred years later, the lights are no longer lit with oil and whale hunting is frowned upon. The part of the dock on

Once a gateway of world trade, Docklands' calm waters are now free for windsurfing

which the information panel appears is now called Rainbow Quay after "the Greenpeace ship Rainbow Warrior which campaigned against whaling".

In 200 years' time, visitors to Docklands may find the story of the twentieth century anti-whaling movement as interesting as the oil lamps of London. For the record, there are 11 watersports centres in London Docklands, a 200-metre artificial ski slope, three urban farms and dozens of pubs and restaurants, some of them very old. There is no leisure activity in Docklands, however, which beats wandering around.

Docklands has acquired an awful reputation in some quarters. Some of it comes from local activists who objected to the breakneck development of the 1980s. More of it comes from people who have never been there but have persuaded themselves, all the same, that it has been a disaster.

Many critics, in this newspaper as much as any other, have excoriated the architecture, the "toy town" Docklands Light Railway and much else. I cannot understand why. It is true that some of the office buildings is uninspiring. But some of the shopping areas in restored wharf buildings are excellent. And much of the residential development, low-rise and brick, is a distinct improvement on most of what was done all over London in the three preceding decades.

Some of the outlying buildings at Canary Wharf - with their transplanted, straight-out-of-the-box, North American look - do bear a startling resemblance to the hotels at the Euro Disney theme park outside Paris.

But the queues are shorter at Docklands than at Euro Disney and entertainment is available at a fraction of the price. The Docklands Light Railway swoops and veers like a fairground ride; it is easier on the stomach, however, than Disney's Big Thunder Mountain and you can get on and off as you like.

If the threat of IRA bombing had not ended plans to allow visitors to ride the lift to the top of the Canary Wharf tower,

there would be no reason to visit the Paris theme park at all. Unlike Euro Disney, Docklands' surprises are unconvincing. They slip from the layers of the past that you unravel on each visit, rather than from the minds of the Disney imaginers.

So far-reaching were London's trading links that there is hardly a foreign visitor who is not going to find some Docklands connection. There is, for example, the Nor-

way Cut Swing Bridge, Finland Quay East and West India Quay. Did you know that the Mayflower, which took the Pilgrim Fathers to America in 1620, departed from the riverside quay of Rotherhithe? Or that its captain, Christopher Jones, is buried in St Mary's churchyard, a short walk from the river?

Rotherhithe is a quiet, clean, settled-looking place. The residents could make

much more of their American connection if they wanted to. Perhaps they don't. The restored 16th century pub, which was once called the Spread Eagle, is now called the Mayflower. But apart from a small plaque explaining this, it doesn't shout about it.

The parish church of St Mary, Rotherhithe, has been a site of Christian worship for nearly 1,000 years. The current church, splendid in the spring sunshine, replaced one built in 1715 and was designed by John James, an associate of Sir Christopher Wren. It beats Sleeping Beauty's Castle.

A little more care could certainly have been taken to ensure that transport links were developed along with the offices and homes of the new Docklands, rather than as an after-thought.

Some of the new transport facilities are already looking run-down. Island Gardens station, through which many tourists pass on their way to the Greenwich foot tunnel, was strewn with litter when I was there.

But all these things are to some extent miss the point. To travel through Docklands is to realize that it has often been a place of chaos, of failed dreams, of wild booms and busts, of perseverance against the odds.

German air raids in September 1940 destroyed all the timber in Surrey Docks - 350,000 tons in one night.

The flames were visible 30 miles away. On 57 consecutive nights from September to November 1940, 25,000 bombs rained down on Docklands, making them the

most heavily bombed civilian target in the country. But they stayed open.

Once a gateway of world trade, Docklands' calm waters are now free for windsurfing. On dry land, others had new ambitions for the area. No longer the destination of the world's trading ships, some - such as Paul Reichmann, former Wharf's failed developer - believed the docklands could be the electronic gateway to Europe, providing the offices from which business would be done at the tap of a computer key.

Those new developers have added another layer to the Docklands scene. Future visitors might see the remains of the high-water mark of a greedy developer whose nemesis was both inevitable and richly deserved. Or they might regard the new buildings, homes and shops as a testament to a much-maligned decade in which, for all the accompanying chaos and rough manners, a sombre and awake, however briefly, to the promise

There is no leisure activity in Docklands which beats wandering around its many varied areas.

the future. Both interpretations assess the failure of Docklands in its new guise. But that failure is not inevitable. Docklands in its high-tech, electronic form, might rise again. What, after all, is a four or five-year period of stomp in a city as old as London?

In the Docklands Visitor Centre, a history of the area tells us that London's prosperity died out after AD 410. But the city boomed again, even if it did take 300 years.

Michael Skapinker

Michael Cassell talks to some of the movers and shakers who are helping to make Docklands work

Activists with a fresh spring in their step



Peter Turlik: strategist



Malcolm Hutchinson: bright future



Eric Sorenson: wide experience



William Charnock: confident

DOCLANDS is both a very old community and a very new one. Some of the people who live there have roots in the area which extend back for generations; others have been there only months or years.

But, together, they have a common interest in ensuring that one of Europe's largest development projects is a success.

For some people, the priority has been the completion and operation of vital elements of the area's commercial infrastructure; others have been concerned to ensure that the all-important, social aspects of a developing riverside community attract equal attention.

Most at least agree that Docklands is beyond the point where division and disagreement are useful. Despite inevitable, continuing friction, the emphasis is on working together as much as possible for the benefit of the entire community.

"We all fought with the development corporation but, if you can't beat them, join them," says RITA BENSLY, a lifelong docklands resident and prime mover in the Docklands Business Initiative. It was formed last year principally to lobby government for a go-ahead to the Jubilee line underground extension.

Mrs Bensley, despite other community commitments, jumped in to help. Though she held many doubts about the way the area was being developed, she believes the underground extension is vital for docklands's future.

She helped organise a petition for the extension among the local community - which raised 2,500 signatures on the first day - and then accompanied it to Downing Street. The government, she says, has to show its support for the east end of London and docklands in particular, which "many people think has closed down".

Mrs Bensley is also chairwoman of the Association of Island Communities, a docklands umbrella group which has been fighting for local people for more than 50 years. She is administrator at a local community centre and also helps out at an old people's club room.

"The Jubilee line will bring in more employment, some of it for local people. If it goes ahead, it will be wonderful news. The people of docklands have been forced to live on a building site for ten years. We've had the coffee, now it's time for the cream".

Another high-profile activist is PAT WARD, a former Barclays Bank man who came to docklands in the mid-1980s to establish his bank's presence

in the post, full of leaflets, magazines and a thick business directory about Docklands. All of them made more than a passing reference to *The London Docklands Guide - Good Food Awards*.

Mr Webber is also well-known locally as an executive of Builder Group, the trade press publishers, which has itself invested \$2m in docklands premises.

"I believe in banging the drum for Docklands. Unless people already here get off their backsides and shout about the attractions, then our own investment in the area is being eroded," he says.

One of the single biggest investments in Docklands is London City Airport, perched on the Royal Docks and run by WILLIAM CHARNOCK, managing director. Mr Charnock arrived in early 1988, the year after the airport opened for business. The controversy surrounding the airport was still in full swing and, as the complex has expanded, its impact on the local community has been the raw material of local newspaper headlines.

Mr Charnock charts the enormous changes at the airport which have taken place

AHUGE parcel arrived in the post, full of leaflets, magazines and a thick business directory about Docklands. All of them made more than a passing reference to *The London Docklands Guide - Good Food Awards*.

So, I thought, this cannot be the wilderness painted by other guides such as Michelin and the Good Food Guide. Apart from a little oasis around Butler's Wharf, they had virtually nothing to recommend in Docklands.

Thus, with two such polar extremes fixed in mind, I set off to find the latest facilities for dining in Docklands. New roads that have yet to acquire buildings already have lush rows of trees and shrubs. Materials used in architecture - steel and glass - help to create an image of optimism and a

proved hugely disappointing. Some salmon was completely dried out; and a section of plain-grilled turbot, if more moist, arrived with a large blob of Hollandaise that tasted like rancid butter-icing. The sauce chef's night off? Let's hope so.

Image seems to be a prime consideration in Docklands. New roads that have yet to acquire buildings already have lush rows of trees and shrubs. Materials used in architecture - steel and glass - help to create an image of optimism and a

bright future.

Even the occasional dockside Georgian dwelling has had its brickwork cleaned so that any glimpse of history now looks sharp and positive.

Commercial Road - the Limehouse section - at least has yet to receive such attention. It looks ripe for demolition. But it is here that you'll find one of the oldest gastronomic links with an earlier era.

"Old Friends" is the descendant of the original venue on West India Dock Road, established just after the war to provide Cantonese food for visiting Chinese sailors. With its tasseled lanterns and flowery wallpaper, there's none of today's *Soho-Chic* about it.

The food is acceptable rather than exceptional: standard Cantonese dishes without the balance or sharpness that you might find in London's Little Street.

Three doors up is Tai-Pan - more modern, lighter and airier and offering some spicier

Fish - their speciality -

Szechuan dishes alongside soft shell crab with peppercorn salt, Mongolian lamb wrapped in lettuce leaves and wonderful *chow nor lok*, king prawns in their shells in a tomato sauce.

Heading east towards Silvertown, Beckton and London City Airport, I suddenly realised what a conundrum Docklands has become as I stood near Gallions Reach and looked back at the Isle of Dogs.

Here are still vast expanses of land and water virtually untouched with almost village-like communities tucked away that seem a million miles removed from the shimmering towers and wharves further west. Fine dining doesn't exist, but occasionally you will find an established neighbourhood restaurant doing well.

The Woolwich Tandoori in North Woolwich, next to a boarded-up pub and an empty Chinese take-away, represents the East End rather than Docklands and is doing a rather more down-to-earth job than most of the eateries you will come across.

Here, *tandooris* and *biryanis* are fine, served pleasantly in a gold and mirrored cave.

This cosy air is in marked opposition to the colder, more brittle edge of the newer buildings in the area. The Britannia International has both Jenny's Carvery and Crompton's *à la carte* restaurant, neither of which manage to either comfort or challenge. Anywhere still cooking dishes (let alone describing them thus) such as *Canard à l'Orange* or *Suprême de Volaille Kiev* deserves a suspicious gaze.

My theory was born out by a very pedestrian dish called "Surf & Turf" which not even king prawns and tarragon butter sauce could revive.

Across the river in Rotherhithe, the Three Crowns Restaurant in the Scandic Crown Hotel is barely an improvement. The centre piece is a *smörgåsbord* for both lunch and dinner. It is unremarkable save only for the fact that the owners are Scandinavian - and you'd have thought they would know a thing or two about such buffets. (I bet you don't get rough-cut smoked mackerel, flavourless ordinary prawns and dreary wilting garnishes at the Oslo or Helsinki branches).

Thankfully, there is hope on the horizon and his name is Sir Terence Conran. Not content with *Le Pont de la Tour* and the *Blueprint* Cafe, Design Museum, Shad Thames, Butlers Wharf, etc, he has

proven that you can take a site and bring in enough people to make it pay.

Others have not been so fortunate. With buildings filling (then emptying) on the Isle of Dogs, restaurateurs have seen their business ebb and flow.

The Waterfront on South Quay Plaza has recently closed and is now doing bar snacks instead. And a ship, *Le Passerelle*, also moored on South Quay as a restaurant, was towed away earlier this month.

Facilities for dining in Docklands, it would seem, are unlikely to stabilise until there's a more firmly rooted population in place. Then, hopefully, restaurant entries in the London Docklands Guide might overlap more often with those in the Good Food Guide.

Local establishments include:

□ Manzi's Seafood Restaurant, Turnberry Quay, off Pepper Street, Glengall Bridge, E14. Tel: 071 538 9615.

□ Old Friends, 559 Commercial Road, E14. Tel: 071 790 5027.

□ Tai-Pan, 665, Commercial Road, E14. Tel: 071 791 0118.

□ Woolwich Tandoori, Pier Road, North Woolwich, E16. Tel: 071 511 2818.

□ Britannia International Hotel, 163, Marsh Wall, E14. Tel: 071 515 1551.

□ Scandic Crown Hotel, 265, Rotherhithe Street, SE16. Tel: 071 231 1001.

□ Le Pont de la Tour, 36 Shad Thames, Butlers Wharf, SE1. Tel: 071 403 0267.

□ Canta del Pante, 36 Shad Thames, Butlers Wharf, SEL. Tel: 071 403 5403.

□ Blueprint Cafe, Design Museum, Shad Thames, Butlers Wharf, SEL. Tel: 071 378 7631.

Simon Parkes

DOCKLANDS E14
HEADQUARTERS OFFICE BUILDING OVERLOOKING THE WATER
13,660 sf + 30 CAR SPACES

First time on market since opening in 1984
after 9 happy and lucky years occupation

YOU CAN HAVE YOUR NAME ON THIS BUILDING!
FLEXIBLE TERMS TO RENT OR BUY

ring PETER GALAN NOW 071 722 2205

International
Consultants

Cost Consultants to the London Docklands Development Corporation for major infrastructure projects such as the Limehouse Link, Royal Albert Dock Spine Road and Connaught Crossing.

Head Office
Lynton House
7-12 Tavistock Square
LONDON WC1H 9LD
Tel: 44 (0) 71 337 1313
Fax: 44 (0) 71 337 5870

INVESTOR/OWNER OCCUPIER?

6 & 7 Harbour Exchange Square, London Docklands
FOR SALE
At a fraction of the original construction and land cost
(with added benefit of capital allowances)

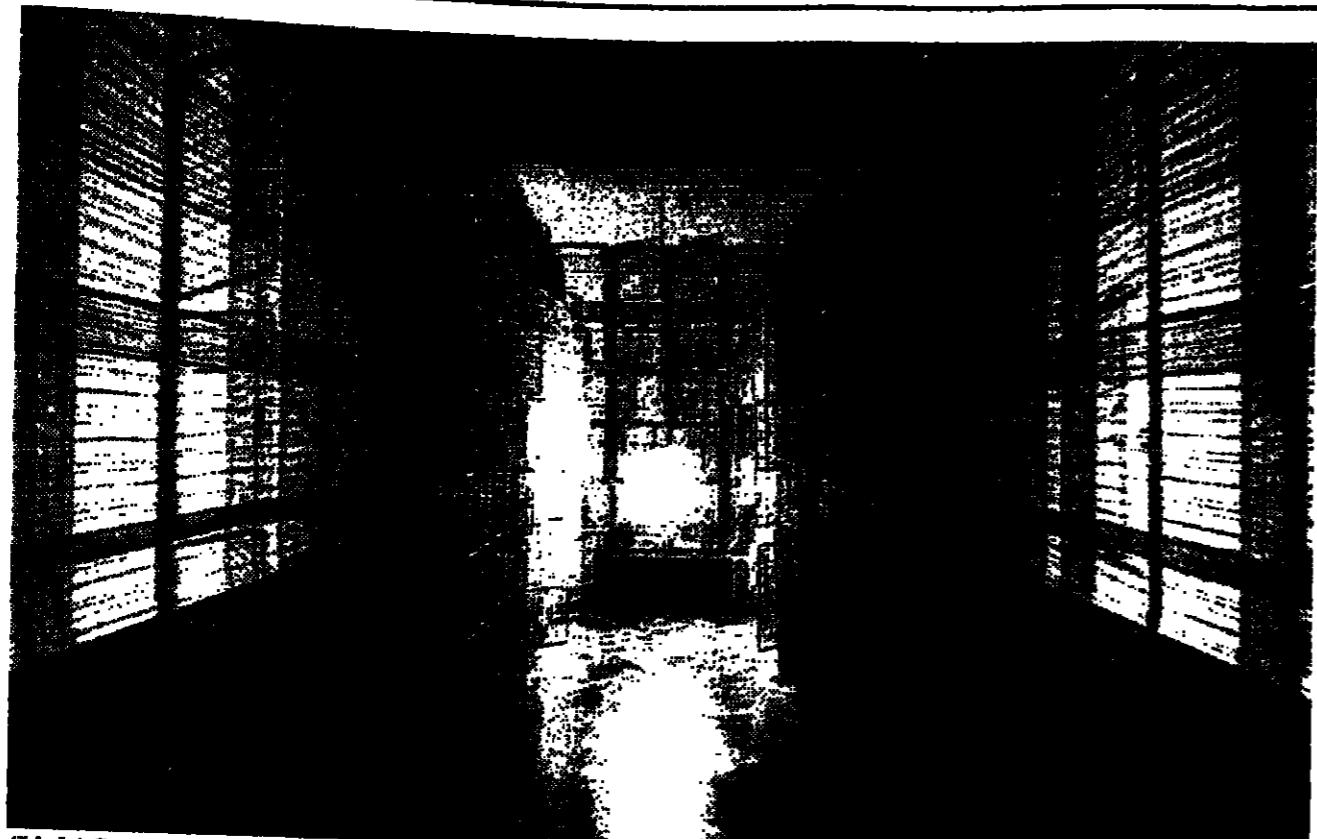
- Construction cost £20m
- Land cost (1987) £2m

An opportunity to purchase at current market value
128,868 sq ft of new high specification
air conditioned offices

Offers invited in excess of £9m
For more information contact:

Chesterton
International Property Consultants
Tel: 071 538 3575

ART
GUIDE



'Light Sentence' by Mona Hatoum at the Arnolfini gallery. It can also be seen at the Serpentine

Uncomfortable installations

Lynn MacRitchie reviews the disturbing work of Mona Hatoum

The exhibition of the work of Mona Hatoum at the Arnolfini Gallery in Bristol demonstrates that it is possible to observe the progression and growth associated with work in the more conventional media such as painting and sculpture just as clearly in the work of an artist who has so far chosen to work in those media generally considered more extreme - performance, video and installation. Examples of Hatoum's video works of the 1980s are included in the exhibition, along with new installation pieces and smaller objects, giving an excellent opportunity to study the progression over a decade of the work of an artist committed to exploring some of the darker aspects of the human condition.

While her subject matter is frequently disturbing, Hatoum is quite clear where the priority in her work lies. "In the process of developing a piece of work, I go through a rigorous paring down of all that is superfluous to arrive at a precise and contained form. Always in my work, in all its manifestations, whether it is performance, video or installation work, formal considerations are of primary importance."

Hatoum is a Palestinian, born in Beirut, who studied in London at the Byam Shaw and Slade schools from 1975 to 1981, thus finding herself safe while her family faced the horrors of civil war. An enduring theme of her work, whether expressed quite obviously in her early performances, in which she endured actual discomfort and pain and not a little danger or in the latest installation pieces, is the expression of physical and mental unease.

In earlier pieces the unease was equated with her own disablement through blinding or entrapment in containers of mud or

plastic body bags, while the spectator looked on uncomfortably, hoping that actual injury would not be the price of the artist's dedication to this particular choice of formal means to manifest her explorations of torment and fear.

In the new installation pieces, the spectator is almost further confounded, experiencing in their own person the dislocations and conundrums the works use to such powerful effect. I doubt whether any one approaching "The Light at the end" made in 1988 and exhibited at the Hayward Gallery in 1990 as part of The British Art Show will forget their moment of real fear on approaching the six red neon strips suspended between a metal frame at the end of a dimly lit enclosed space and discovering that the piece did not just resemble a grid of radiating elements but was in fact exactly that, the sensation of growing heat and danger as one approached not counterfeit but only too real.

Her recent installations, while not involving actual danger, still pack a physical punch. At the Arnolfini, the first room contains a new work, at first glance an exemplary minimalist composition. Sheets of thick plate glass fill the space between two iron girders which support the roof. The wall to the right is covered in sheets of metal, of the same proportion as the sheets of glass. Both glass and metal are studded with smaller metal plugs, marking off the space at regular intervals in a grid pattern. It is not certain whether these have a structural function, or are entirely decorative. Nor is it certain why their outline, unlike that of the larger elements, is unclear. Closer inspection - for the ambiguity of the shapes invites closer inspection - reveals that they are small

magnets, thick with iron filings, their role as spatial indicators subverted by their other, inescapable function as part of a natural and ineluctable process.

Nothing is at it seems: even the calm perfection of minimalism, the artist reminds us, must in the end be subject to the darker forces of nature, just as we, as human beings, are subject to the darker forces which make us into the persecutors of our fellows.

Those who do not wish to journey to Bristol may see its second large scale piece, "Light Sentence", concurrently exhibited in London, where it forms part of the Serpentine's "Four Rooms" exhibit of installation works. It is simply constructed, of ready made industrial elements, wire mesh lockers and a bare light bulb. The lockers are arranged to form a curve, at the centre of which the bulb ascends and descends, controlled by a motor. Its motion, almost imperceptible in itself, causes a mesmerising pattern of ever shifting shadows to be traced on the enclosing walls, enveloping the shadow of the spectator within their traces.

In the elegant spaces of the Arnolfini, the work is menacing but also richly beautiful. At the Serpentine, its windows blocked off to accommodate the piece, darkness and threat become its most powerful characteristics, the haunting beauty of the play of light becoming secondary to a menacing sense of enclosure. Our shadows are part of its structure: we have been trapped in our admiration, complicit in an experience which is darker than it seems.

Mona Hatoum, Arnolfini Gallery, until 6 June, 16 Narrow Quay, Bristol, BS1 4QA, telephone 0272 289191.

Concert/Richard Fairman

St. Petersburg Philharmonic

round that this is still a marvellous orchestra and Jansons a conductor unrivalled today for sheer excitement?

Any implication that their performances together are merely over-dramatised must quickly be put to rest. The Prokofiev was high on adrenalin, as was Rakhmaninov's Second Symphony after the interval, but half the intensity comes from the scrupulous way in which Jansons has rehearsed the orchestra, so that every note, every dot and dash of the score are in the right place. (I do not refer here to the cuts in

the symphony's finale, where many pages were missing completely.)

The ensemble was exact. The inner ear of the orchestra balances the music superbly. Yet for much of the evening the playing sounded mushy. Why? Part of the reason will probably be the unusual layout of the instruments, which put first violins and basses (top and bottom of the aural spectrum) on the left, middle strings and brass together on the right - an arrangement which clearly did not work.

The rest, I fear, was down to

the Barbican's acoustics, which not for the first time scuppered what was otherwise the best efforts. It was very noticeable that nothing sounded better than the opening of the slow movement, where the exemplary solo clarinet was accompanied by rustling violins and pizzicato basses. As soon as the rest of the orchestra came in, clarity and focus of sound were lost as cross-echoes bounced back and forth.

For performance of this symphony that had passion, lack of indulgence, an absolute grip on the music from first to last, it would be difficult to improve upon this conductor and the St. Petersburg Philharmonic. If only the swashbuckling Jansons could have stayed the Barbican acoustics while he was about it.

The rest, I fear, was down to

emphasis on Japanese choral music, traditional and modern chamber music, and Japanese drums.

There will be a retrospective of the film-maker Yasujiro Ozu (1903-63), whose films on everyday subjects attracted little attention in the west during his lifetime, but are now recognised as masterful reflections of the human condition. There will also be exhibitions of Japanese children's book illustrations, poster art, brushwork calligraphy, folk-art and Noh masks, as well as a representative selection of work by contemporary Japanese artists.

For anyone visiting or living in Zurich, the Japanese theme will be hard to escape: the main train station will have a Japanese garden and sun canopy, the Bahnhofstrasse is being decorated with steel representations of animals designed by Akira Yoshizawa, and the Stauffacher district is being transformed into Little Tokyo (Tickets and enquiries: Bilettzentrale am Werdermühleplatz, tel 221 2283).

EXHIBITIONS GUIDE

AMSTERDAM Van Gogh Museum: Walter Sickert retrospective. Ends May 31. Also Courtesans in Japanese Prints. Ends Aug 29. Daily. Rijksmuseum: The Jacobus Klaes Collection: 100 Dutch 17th and early 18th century drawings. Ends July 25. Closed Mon and Tues. Martin-Gropius-Bau: American Art in the 20th Century: a monumental survey containing 200

(1952-88), British painter-poet. Ends June 1. Daily.

ANTWERP Musée Royal des Beaux-Arts: Jacob Jordens: large-scale retrospective of the baroque painter born 400 years ago. Ends June 27. Closed Mon.

Rubenshuis Rubens Caento: 80 drawings from the Danish royal collection of designs and study material used in the 17th century Flemish master's office. Ends June 15-19.

Onze Lieve Vrouwekathedraal: Antwerp altarpieces of the 15th and 16th centuries: 16 restored examples of the ratabel, a sculpted middle with two painted side panels on hinges, thousands of which were constructed in and exported from Antwerp in the late middle ages. Ends Oct 3. Daily.

BARCELONA Fundació Joan Miró: Miro Joan Miró: large-scale centenary exhibition. Ends Aug 30. Closed Mon.

Museu Picasso: Kasimir Malevich (1878-1935): 42 oil paintings on loan from St Petersburg. Ends June 6. Closed Mon (Carrer Montcada 15-19).

BERLIN Neue Nationalgalerie: Beyeler Collection: outstanding private Swiss collection of early 20th century paintings. Ends Aug 1. Closed Mon.

Alte Nationalgalerie: Oskar Reinhart Collection: paintings by 19th century German, Austrian and Swiss artists. Ends Sep 12. Closed Mon and Tues.

Rijksmuseum: The Jacobus Klaes Collection: 100 Dutch 17th and early 18th century drawings. Ends July 25. Closed Mon.

Martin-Gropius-Bau: American Art in the 20th Century: a

monumental survey containing 200

works by 60 prominent artists, focusing on art produced between 1945 and 1970, when America became the dominant force in art. Ends July 25. Closed Mon.

Altes Museum: The Etruscans and Europe. Ends May 31. Closed Mon.

DRESDEN Albertinum: Giorgio Morandi (1890-1964), Italian still-life painter. Ends June 6. Also Gotthard Kuehl (1850-1915), German Impressionist. Ends June 9. Closed Thurs.

Zwinger: 18th century Chinese pink porcelain from Dresden collections. Ends Sep 22. Closed Fri.

EDINBURGH Scottish National Gallery of Modern Art: Recent British Sculpture: 20 works by sculptors born after 1945, including major works by Cragg, Deacon, Wilding and Kapoor. Ends June 27. Daily.

FRANKFURT Deutsches Archäologiemuseum: Peter Joseph Lenné (1789-1866): 280 drawings and plans by one of the great Prussian garden and town planners, on loan from the state collection at Potsdam-Sanssouci. Ends Aug 8. Closed Mon.

Städel: Dan Flavin: installations 1969-93 by the American artist. Ends Aug 22. Closed Mon.

LONDON Tate Gallery: Georges Braque: prints from private French collections. Ends June 27.

Visualising Masculinity. Ends June 6. Daily.

National Gallery: 18th and 19th century paintings and drawings from Lille. Ends July 11. Paintings from the Bowes Museum. Ends June 20. Daily.

Royal Academy of Arts: Georges Rouault 1903-20. Ends June 6. Daily.

Hayward Gallery: Georgia O'Keeffe retrospective. Ends June 27. Also James Turrell: installations. Ends June 27. Daily.

Accademia Italiana: Italian Art Treasures, including works by Guercino, Domenichino and Caracci. Ends July 25. Daily.

Marlborough Graphics: Graham Sutherland as Printmaker 1950-80. Ends June 12. Closed Sun.

Barbican: The Sixties. Ends June 13. Daily.

LUGANO Villa Favotina: 19th and 20th century paintings and watercolours from the Thyssen-Bornemisza Collection. Ends Oct 31. Open Fri, Sat and Sun only till June 20, thereafter daily except Mon.

Villa Melipanesi: Francis Bacon: a large number of well-known works, plus youthful efforts and designs for carpets and furniture. Ends May 30. Closed Mon.

MANCHESTER City Art Gallery: Tim Head: retrospective of one of Britain's foremost artists, including photographs and paintings remain produced since 1984 and two new installations. Ends July 4. Daily.

NEW YORK Metropolitan Museum of Art: Drawings from the Getty Museum: 120 works by Titian, Raphael, Fragonard, David, Dürer, Rembrandt and many others. Ends Aug 6. Daily.

National Gallery: 18th and 19th century paintings and drawings from Lille. Ends July 11. Paintings from the Bowes Museum. Ends June 20. Daily.

Rome: Georges Pompidou: Matisse 1919-47. Ends June 21. Closed Tues.

Centre Georges Pompidou: Matisse 1919-47. Ends June 21. Closed Tues.

Grand Palais: The Century of Titan. Ends June 14. Also Amélieh III. Ends May 31. Closed Tues, late opening Wed (ave de General Eisenhower)

Musée Picasso: Picasso and the Bulls. Ends June 28. Closed Tues.

Le Louvre: Copier-Créer: from Turner to Picasso: 300 works showing how artists copied the great masters - initially in order to learn, later for creative interpretation and ultimately for provocation.

exemplified by Duchamp's *Mona Lisa* with a moustache. Ends June 26. Closed Tues.

Le Louvre des Antiquaires: The Shine of Pewter: 300 jugs, plates and dishes recreating 16th-18th century table settings. Ends July 17. Closed Mon (2 place Palais Royal).

Musée du Luxembourg: Roman Wall Paintings around Narbonne. Ends July 4. Closed Mon (19 rue de Vaugirard).

Petit Palais: The Splendour of Russia: a thousand years of goldsmiths' work. Ends July 18. Closed Mon.

In the former, a 27-year-old labourer meets - perhaps only in imagination - the parents of a 12-year-old boy he has murdered. In the cast-list they appear simply as Mother, Father and Son, which suggests how their instinctive family roles will reach across the dreadful confrontation. Overlapping sung lines left many details inaudible; but in any case, what Horne has through-composed is really a dramatic cantata or one with an instrumental ensemble as prominent and as urgently expressive as the voices. The idiom is up-to-date but palatable and clear, and respectful of British tradition (he is a Scot); it struck me that *Jason Field* seemed a natural descendant of, say, Vaughan Williams' *On Wenlock Edge*.

Huehns is plainly a natural theatre-composer. *Meredith Oakes's* rhyming text for *Solid Assets* is a wry, neatly amusing sketch, and Huehns finds bright musical touches, sometimes bare-faced devices, for bringing it all to crisp life. As a "gross", middle-aged art-lover who is happy to pay millions for an ancient Egyptian piece that is now less than dust, the baritone Karl Morgan Daymond was no less apt and sonorous than as the homicidal young hunk in *Jason Field*; this singer has a fine career before him. The role of the art-dealer allowed MacKenzie-Wicks at last to exercise his lyrical tend to best effect, and Miss Horne made a doughty art-widow. Huehns is bound to go off in some enterprising direction; it will be interesting to learn which one he chooses.

Festival sponsored by the BOC Group, with support from Guardian Royal Exchange and American Express

Enterprising 'Soundbites!'

Opera/David Murray

*T*he BOC Covent Garden Festival, a highly various affair, got underway this week. At the Donmar Warehouse on Tuesday and Wednesday we had "Soundbites". There was loose talk in advance about the commissioned "10-minute" pieces; in fact the norm for the five mini-operas - three commissioned, two older pieces by Gerald Barry and the late Stephen Oliver - was about twice as long as that. The company was the ENO's Contemporary Opera Studio (artistic director David Pountney), whose musical director David Barry and the producer and designer David Fielding achieved more than creditable results for every work.

The composers, it seemed, were allowed to draw upon only a modest hand: string quartet, flute, clarinet, harp and keyboards. In fact Sally Beamish used only three of them for her *Ease*, and Barry's 1977 *The Garden* just a whistled cello and piano. But the striking thing (so to speak) was the absence of any percussion whatever, unless you counted the typewriters in *Ease*: even five years ago, I believe, the notion that a bunch of young composers might forgo percussion would have seemed wildly improbable.

The composers, it seemed, were allowed to draw upon only a modest hand: string quartet, flute, clarinet, harp and keyboards. In fact Sally Beamish used only three of them for her *Ease*, and Barry's 1977 *The Garden* just a whistled cello and piano. But the striking thing (so to speak) was the absence of any percussion whatever, unless you counted the typewriters in *Ease*: even five years ago, I believe, the notion that a bunch of young composers might forgo percussion would have seemed wildly improbable.

Ease is a punning title, for its "E's" are the suicidal Emma Bovary and Eleanor Marx, who made the first English translation of Flaubert's novel. In Edward Kemp's text they become ghostly, anguished intimates, to no great purpose, though Miss Davies and Margaret Creece enacted them with fervour. The Beamish score sports some interesting, short-breathed ideas of its own, but scarcely turns the situation into music-drama. At different, confident extremes, the music of Horne's *Jason Field* and Colin Huehns' *Solid Assets* lent far more vital charges to their texts.

score sounded fluently effective, without promising that further acquaintance would discover anything more strongly coherent.

Ease is a punning title, for its "E's" are the suicidal Emma Bovary and Eleanor Marx, who made the first English translation of Flaubert's novel. In Edward Kemp's text they become ghostly, anguished intimates, to no great purpose, though Miss Davies and Margaret Creece enacted them with fervour. The Beamish score sports some interesting, short-breathed ideas of its own, but scarcely turns the situation into music-drama. At different, confident extremes, the music of Horne's *Jason Field* and Colin Huehns' *Solid Assets* lent far more vital charges to their texts.

Ease is a punning title, for its "E's" are the suicidal Emma Bovary and Eleanor Marx, who made the first English translation of Flaubert's novel. In Edward Kemp's text they become ghostly, anguished intimates, to no great purpose, though Miss Davies and Margaret Creece enacted them with fervour. The Beamish score sports some interesting, short-breathed ideas of its own, but scarcely turns the situation into music-drama. At different, confident extremes, the music of Horne's *Jason Field* and Colin Huehns' *Solid Assets* lent far more vital charges to their texts.

Ease is a punning title, for its "E's" are the suicidal Emma Bovary and Eleanor Marx, who made the first English translation of Flaubert's novel. In Edward Kemp's text they become ghostly, anguished intimates, to no great purpose, though Miss Davies and Margaret Creece enacted them with fervour. The Beamish score sports some interesting, short-breathed ideas of its own, but scarcely turns the situation into music-drama. At different, confident extremes, the music of Horne's *Jason Field* and Colin Huehns' *Solid Assets* lent far more vital charges to their texts.

Ease is a punning title, for its "E's" are the suicidal Emma Bovary and Eleanor Marx, who made the first English translation of Flaubert's novel. In Edward Kemp's text they become ghostly, anguished intimates, to no great purpose, though Miss Davies and Margaret Creece enacted them with fervour. The Beamish score sports some interesting, short-breathed ideas of its own, but scarcely turns the situation into music-drama. At different, confident extremes, the music of Horne's *Jason Field* and Colin Huehns' *Solid Assets* lent far more vital charges to their texts.

CAMBODIAN The calendar on the wall of a Pakistani-manned UN police station north of Phnom Penh has only one entry for May 23: "Election - Inshallah (God willing)." In spite of a continuing civil war, in spite of the failure to implement the peace plan signed by the four main Cambodian factions in Paris in 1991, and in spite of threatened attacks on polling stations by Khmer Rouge guerrillas, the United Nations is grimly determined to go ahead with Sunday's election.

Nearly \$2bn has been committed to one of the UN's costliest and most criticised peace-keeping operations. Short of an overwhelming upsurge of violence, it is unlikely that the UN will risk further attacks on its performance by cancelling or postponing the election, being contested principally by the government communist party (the Cambodian People's party or CPP) and the royalist party, Funcinpec.

Mr Yasushi Akashi, who leads the 22,000 peacekeepers of the UN Transitional Authority in Cambodia (Untac), said yesterday that political parties had held more than 1,500 peaceful meetings during the six-week campaign period, but admitted that the five-day elections would be held in less than satisfactory conditions.

"We are going through this important chapter in the history of Cambodia, in the history of south-east Asia, in the history of the UN itself," Mr Akashi told Untac staff this week in a rousing pre-election pep-talk. The election itself would be "fairly respectable and credible," he added.

But the obstacles to a "free and fair election" in Cambodia in the "neutral political environment" outlined in the Paris peace accords have been evident for many months. Untac was charged with monitoring a ceasefire, but the two principal combatants - the Khmer Rouge and the Phnom Penh administration installed by Vietnam in 1979 - never stopped fighting. Untac's mandate was confined to peace-keeping, not peacemaking, and it was not allowed to impose peace by force of arms.

The Khmer Rouge also denied Untac access to most of its strongholds in the north-west and refused to disarm its guerrillas or regroup them in cantonment areas in accordance with the peace

Ballot despite the bullets

Cambodia's continuing civil war is unlikely to stop Sunday's election, says Victor Mallet



Bloody campaign: Hun Sen (left) and Prince Norodom Ranariddh

plan. With Khmer Rouge fighters still at large, the other factions decided to keep their own soldiers armed.

This year the Khmer Rouge withdrew from the peace process altogether and threatened to disrupt the election: the government, meanwhile, mounted a campaign of assassination and intimidation against its remaining election rivals, which Untac was unable to stop.

Mr Akashi managed to persuade Funcinpec, which says at least 50 of its supporters and officials have been killed, and the Buddhist Liberal Democratic party (BLDP) to stay in the running: their withdrawal would have further undermined the election's credibility.

But even if it is deemed reasonably fair, with no serious outbreaks of violence or vote-rigging, the election's outcome is not guaranteed to bring peace to Cambodia, or to allow the UN to withdraw with its reputation intact.

Consider the options. If the government wins, it will achieve the international recognition and foreign aid denied it since the Vietnamese invaded and overthrew the Khmer Rouge regime 14 years

ago. France and Russia both favour a government victory.

Mr Hun Sen, the prime minister, says that if the government wins, it will treat Khmer Rouge guerrillas as "armed bandits". The idea would be to wear down the Khmer Rouge until it becomes a containable left-wing insurgency that can be eventually defeated.

The newly-elected government would still be riddled with corruption. But, like its patron in neighbouring Vietnam, it would probably be quick to accept economic reforms and might even adapt to the democratic ideals enshrined in the Paris peace plan in coming years.

Unfortunately, many Cambodians and western diplomats doubt that the government would be able to crush the Khmer Rouge. If the CPP wins, the opposition parties are likely to cry foul and point to the UN's own numerous reports of government human rights abuses and intimidation during the campaign. Some defeated opposition leaders may even join the Khmer Rouge, as they did in the years before the peace agreement.

"If the CPP wins, we've got another Angola on our hands," says one UN election officer. The pain is not yet over.

referring to the decision by Mr Jonas Savimbi, the Angolan opposition leader, to resume fighting after the communist government in Luanda won the Angolan election.

While the Khmer Rouge guerrilla force is not thought strong enough to hold important towns, it has used the 19 months since the peace deal to enlarge its presence in the countryside, partly by seizing territory from other factions.

Though China may have stopped backing the Khmer Rouge, Thai generals and businessmen remain its staunch supporters. The elusive Pol Pot, leader of the Khmer Rouge, has a house in eastern Thailand and has close relations with the Thai military.

The government is by no means certain to win. Funcinpec victory would at least convince most observers that the election result was fair. Funcinpec has only a vestigial army and has been on the receiving end of government-sanctioned attacks on its camp workers and supporters.

Prince Norodom Ranariddh, the Funcinpec leader, has promised to try to appoint his father Prince Sihanouk as the Cambodian president if his party wins. Prince Sihanouk, backed by China, has spoken of the need to bring all four factions, including the Khmer Rouge, into a government of national reconciliation.

However, few believe that if Funcinpec wins the government - with more than 200,000 soldiers, policemen, and militiamen will hand over power to a party which it regards as infiltrated and easily influenced by the Khmer Rouge.

"The UN must make sure that power will be transferred to whoever wins the election," says a somewhat hopeful Mr Ung Huot, the Funcinpec election campaign manager.

If the election proceeds and results emerge on schedule in early June, even an outright winner may decide that it is wiser to form a coalition government. As one western diplomat puts it: "We are not going to wake up on the May 31 and find ourselves with an ideal political situation."

Unat's mandate is due to expire in August, and pressure is mounting for a withdrawal because of the rising costs and the dangers to UN staff. But many UN officials believe some kind of presence will be required for the foreseeable future no matter who wins the election. For Mr Akashi, who once described his job as suitable for a "masochist", the pain is not yet over.

Mr Kenneth Clarke is a jolly chap, full of warm beer and words like "judgment", "common sense" and "reasonable decisions" - the home secretary who personifies England. It is he who, following a waffly intervention by Mr Robert MacLennan, Liberal Democrat, replied: "In response to the honourable gentleman, I ask him to go away, lie down in a dark room, take the tablets and think carefully about whether the Liberal Democrats have an opinion one way or the other on the merits of any of the proposals that I have just announced."

That is the authentic voice of the cheerful thug that is the home secretary who personifies England. It is he who, following a waffly intervention by Mr Robert MacLennan, Liberal Democrat, replied: "In response to the honourable gentleman, I ask him to go away, lie down in a dark room, take the tablets and think carefully about whether the Liberal Democrats have an opinion one way or the other on the merits of any of the proposals that I have just announced."

True, he did not leave either of his two previous departments in a condition of smooth oiled perfection. That accounts for his less than triple-A overall rating. But his quick wit, his bonhomie and his willingness to tackle powerful interest groups should take him far in this administration, in spite of what can now be seen as questionable results at health and education.

None of this has much to do with the principal task of the Home Office, which is to produce us from

criminals. We should not blame Mr Clarke for that.

His preoccupation like that of his fellow-ministers, is with the office politics of his chosen profession. Who will be promoted, where to, and

when? These are the motivating questions. A healthy concern about such matters keeps ministers from trying to invent any new policies. That is to the good. Most policies, especially on crime, are neutral. Some, such as the elements of the government's own brand-new criminal justice bill that the home secretary reversed last week, may be positively harmful. Few do any good.

The figures tell the tale. Between 1973 and 1991 the government increased the number of police officers by 12 per cent. This enhanced force succeeded in putting 8 per cent more people in prison. For during the same period the number of recorded

crimes rose by 112 per cent. This does not mean that the actual number of crimes more than doubled. Criminal statistics are the most misleading of all measures of anti-social behaviour. People have become increasingly willing to report break-ins, rapes and the like; the police are more assiduous at writing entries in the book. Yet even when this is taken into account we are left with the impression that during the 1980s there was a steady increase, of imprecise amount, in crime, particularly violent crime. Anecdotal evidence supports this view.

It is also clear that nobody has a sure-fire answer to the problem. Professor David Pyle, senior lecturer in economics at the University of Leicester, has produced a paper whose depressing conclusion is that there are few approaches to crime in which the benefits outweigh the costs. It is even more depressing that the production of such a thesis

has been sponsored by Securicor Services, but that is the age in which we live. It is, however, clearly possible to sup with Securicor and go home with an independent mind. The best that the author can say of the privatisation of crime prevention is that the case is "not proven". The professor looks at neighbourhood watch schemes, electronic tagging and the privatisation of prisons. "There may be dangers," he says, "in placing too much reliance on the private sector in this field." Prof Pyle is no kinder to us

The home secretary has the authentic voice of the cheerful thug - useful in defending government retreats

such as the differential tax that has brought about a switch to unleaded petrol. "There seems to be no reason why such a policy would prove to be ineffective even if, as seems likely, the demand for alcoholic drink is price inelastic," he writes. Mr Clarke is the ideal minister to propound such a scheme. "Common sense," he would mutter. "Stands to reason." It could do both him, and our Saturday nights, a modicum of good.

* *An Economist Looks at Crime in Britain, European Policy Forum/Social Market Foundation, 20 Queen Anne's Gate, London SW1H 9AA*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 01 873 3938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Importance of whaling to Japanese society

From Mr Fumio Yoshino.

Sir, Although Robert Thompson's several articles (Whaling can win strong US backing, May 11; Whale sanctuary vote set for today, May 12; and Japan irked by rejection of whale plan, May 14) were all informative and objective, I nevertheless feel that additional information is needed in order to inform non-Japanese readers about the tradition and importance of whale meat in Japanese society.

It now appears to the average Japanese person that a fever called "environmental protection" has dominated the International Whaling Commission seminar in Kyoto.

Of course, Japanese people fully realise that the whaling ban proposal does not stem

from any hostility towards our race.

However, what we are uneasy about is the implicit lack of understanding of our way of living.

Japan's fish catch was 66.9kg per person in 1991 compared to 14.9kg per person in the UK and 19.9kg in the US.

Nevertheless, the level of imports of marine products in this country exceeds that of our exports more than three times.

Our daily calorie intake comprises 13.1 per cent of marine products, compared to 17.7 per cent of meat such as beef, pork and poultry. (Seaweed, which the Japanese love and consume in large amounts, has no calories.)

The consumption of whale

meat in Japan can perhaps be likened to the consumption of snails in France. Without snails no Frenchman would die, but to take away this cherished foodstuff would no doubt cause great commotion and much disgruntlement.

Japanese people realise that this peculiar dish is a specialty to a particular country, but we would never consider doing away with the custom of eating such a dish.

The Japanese are said to have a history of whaling dating back to before Christ, although we only began eating whale meat roughly 100 years ago, after centuries of abstinence for religious reasons.

Since the introduction of meat into Japan, our tastes have certainly changed. We

now consume more than twice the amount of meat that we did 20 years ago.

The opinion that the whale is a great symbol of nature and that the mammal is some kind of higher form of animal seems strange to me.

I feel that the only hope of proceeding with discussions at the seminar in Kyoto is to base them on a mutual understanding of different ways of living. Otherwise the commission would simply be a witch-hunt by culturally less intelligent people who could not accept other peoples' values.

Fumio Yoshino,
associate professor of
economics,
Takasaki City University,
Takasaki,
Japan

Simpler way to encourage use of Ecu

From Mr Ben Coleman.

Sir, Lord Cobbold suggests some interesting ideas for easing the introduction of a single European currency ("How to make the Ecu user-friendly", May 12). A simpler way of encouraging use of the Ecu might be to improve the general ability of companies, particularly smaller ones, to manage their foreign exchange exposure and, in so doing, show them how the Ecu can be used now.

While many large firms already use the Ecu to hedge against overseas exposures, smaller ones are often unaware of even basic Treasury management techniques and of the Ecu-based services their local bank offers.

A study we undertook for the European Commission last year revealed that most EC banks offer a comprehensive range of Ecu-based services. It should be easy to set up an Ecu bank account for payments made to and received from several EC countries, thus reducing exchange costs.

Equally, assuming overseas purchasers agree, there are few problems to invoicing in Ecu, which lessens the risks of volatile exchange rates. The main obstacle is ignorance.

Both the Commission, as promoter of the Ecu, and our own resurgent Department of Trade and Industry, as promoters of overseas trade, might like to consider how they could assist small firms to manage foreign currency exposure better.

Ben Coleman,
European business unit,
Stoy Hayward,
3 Baker Street,
London W1M 1DA

Headline earnings per share figure may allow confusion and manipulation

From Mr Ron Paterson.

Sir, I see that your published company statistics will in future use the "headline" earnings per share figure proposed by the Institute for Investment Management and Research, which broadly seeks to distinguish trading results from capital items. You are confident that their formula provides a "factual and robust" basis for the statistics on which your readers rely. That may not be

numbers which many people prefer cannot deliver what they promise.

As my firm has commented to the IIMR, headline earnings per share will not in practice be "factual and robust". That is because the seemingly attractive theoretical distinction between trading performance and capital gains and losses does not work in practice.

My decision has no doubt been provoked by dissatisfaction with the all-embracing earnings per share figure now required by FRS3. However, the Accounting Standards Board chose that figure precisely because the headline

numbers will be misinterpreted and that misconceptions in accounts will be created. Experience has shown that focusing on an intermediate figure in the profit and loss account tends only to corrupt the figure itself. In making this change, you are in danger of putting the clock back and undermining the ASB's efforts to promote a deeper analysis of accounts rather than reliance on a simplistic and manipulative ratio.

An example concerns the costs of closing down a business. The headline earnings per share figure is supposed to exclude the costs of discontinuing the business, but to include trading results during the run down period. This distinction will often be meaningless, if not impossible to make.

Ron Paterson,
Ernst & Young,
7 Rolls Buildings,
Fetter Lane EC4A 1NH

UK shipbuilding policy riddled with anomaly

From Dr John Tomany.

Sir, Your editorial ("Swan song", May 17) arguing that the downfall of Swan Hunter was inevitable is flawed.

Despite assertions to the contrary, the argument that there is too much shipbuilding capacity in the UK does not stand scrutiny. A reasonable level of success in export markets, together with the Ministry of Defence's plans to procure further logistics and assault vessels as well as Type 23 frigates, suggests that the market will provide enough work for all the warship yards. Indeed, some observers fear that government procurement strategy may be creating a potential capacity shortage, especially of design and technical skills, later in the decade. The government should take account of this possibility in its dealings with the sector.

The position of the government is riddled with anomaly and inconsistency. It allowed a consortium that included Kvaerner, a merchant yard whose contracts have been

supported with intervention funding, to compete with Swan Hunter, whose diversification efforts were hindered by the government's refusal to support an application for intervention funding for the yard.

As a consequence Swan Hunter's very future depended on winning naval orders. Good luck to Kvaerner, but where is the logic in all of this?

Finally, your implication that because UK yards struggled to maintain market share in the past, the UK should withdraw from shipbuilding seems neatly to encapsulate the reasoning that has underpinned the manufacturing decline that is at the heart of the UK's economic problem.

John Tomany,
Centre for Urban and
Regional Development Studies,
University of Newcastle,
Newcastle upon Tyne NE1 7RU

Ballot despite the bullets

Cambodia's continuing civil war is unlikely to stop Sunday's election, says Victor Mallet



Bloody campaign: Hun Sen (left) and Prince Norodom Ranariddh

plan. With Khmer Rouge fighters still at large, the other factions decided to keep their own soldiers armed.

This year the Khmer Rouge withdrew from the peace process altogether and threatened to disrupt the election: the government, meanwhile, mounted a campaign of assassination and intimidation against its remaining election rivals, which Untac was unable to stop.

Mr Akashi managed to persuade Funcinpec, which says at least 50 of its supporters and officials have been killed, and the Buddhist Liberal Democratic party (BLDP) to stay in the running: their withdrawal would have further undermined the election's credibility.

But even if it is deemed reasonably fair, with no serious outbreaks of violence or vote-rigging, the election's outcome is not guaranteed to bring peace to Cambodia, or to allow the UN to withdraw with its reputation intact.

Consider the options. If the government wins, it will achieve the international recognition and foreign aid denied it since the Vietnamese invaded and overthrew the Khmer Rouge regime 14 years

ago. France and Russia both favour a government victory.

Mr Hun Sen, the prime minister, says that if the government wins, it will treat Khmer Rouge guerr

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Friday May 21 1993

Good news on UK earnings

CELEBRATIONS ARE indeed in order. But this is not mainly because seasonally adjusted unemployment has declined for the third successive month, if by a mere 1,400. Far more encouraging is the further fall in pay inflation. The UK now has a chance to secure the stable, low-inflation economy for which so many have suffered so much.

Over the three months to April 8 seasonally adjusted unemployment fell by 53,700. This is unprecedented at so early a stage of an upturn. One explanation for the good news is the strength of the recovery, as shown in data on retail sales and manufacturing output published earlier this week. The "fire and fire" mentality is another explanation, the implication being that the falling unemployment must be set against the huge increases at the end of last year. The inflow into the labour force is also smaller than in the early 1980s.

Against such optimistic views of the prospects must be set the lack of any significant increase in the stock of vacancies, following its jump between January and February. The unexpected declines in unemployment may simply reflect an overhang of jobcentre placement targets last financial year. If so, they will not continue. The picture should be clearer when information on employment in the first quarter of 1993 becomes available in the next Labour Force Survey, due in June.

Less murky, and more encouraging, is the decline in the underlying rate of inflation. The unexpected declines in unemployment may simply reflect an overhang of jobcentre placement targets last financial year. If so, they will not continue. The picture should be clearer when information on employment in the first quarter of 1993 becomes available in the next Labour Force Survey, due in June.

Less murky, and more encouraging, is the decline in the underlying

Danish stimulus

THE violence in Copenhagen perpetrated by a minority of demonstrators has sounded a discordant note amid the general relief prompted by Tuesday's Maastricht referendum result. However, the Yes vote has given the Social Democrat-led coalition an opportunity to bring in a modest stimulus programme for the hard-pressed Danish economy.

Mr Poul Nyrup Rasmussen, prime minister since January, is the current president of the EC council. His personal success in securing a Yes, though based on treaty opt-outs negotiated by the previous government, makes Mr Rasmussen one of the few EC leaders entitled to walk with a spring in his step. He intends to capitalise on this victory by using next month's EC summit in Copenhagen as a platform to launch Community-wide measures to combat the European recession.

Accounting for just 2 per cent of EC GDP, Denmark has limited room to act alone. Furthermore, the tax cuts and accelerated public sector investment announced on Wednesday may not be large enough to boost GDP expansion from 1 per cent this year to 3 per cent in 1994, as the government hopes. But by seizing the opportunity to push for non-inflationary growth, Mr Rasmussen is setting a good example.

With unemployment now 12 per cent after six years in the doldrums, there is no doubt that Denmark needs higher growth. There is also no doubt that the economy is capable of delivering it. Den-

Spending choices

TO PARAPHRASE one of its ministers, Mr John Major's cabinet should come clean about just how deep a hole it is in. The government is heading for the largest primary budget deficit in peace time. Its commendable target is to cut the borrowing requirement, expected to reach £50bn this year, from 8 per cent of gross domestic product to 3.75 per cent in 1997-98.

If the rate of economic recovery is rapid, some of this may be achieved without pain. Revenue from taxation would then rise sharply while the demand for social security payments fell. Some of the shortfall in revenue could be met by further increases in taxation, but this the government is understandably anxious to avoid. The remaining option is deep cuts in spending.

A strong government would set out its stall thus, and invite the public to accept the consequences. The administration moves from exasperation, as it did yesterday over suggestions that the Treasury was pressing for the withdrawal of the National Health Service from dental care and the scrapping of free prescriptions for all but the poorest.

To his credit, Mr Michael Portillo, the chief secretary to the Treasury, has been graphic in his delineation of the problem, but necessarily cagey about possible solutions. The trouble arose when talk of NHS cuts stole headlines from a prime minister who had spent a day working on restoring his authority after Maastricht. On Wednesday Mr Portillo said

that something would have to give. At question time yesterday Mr Major read out a long prepared answer which suggested that, while everything remained open, the idea of making worse-off pensioners and parents of sick children pay for their prescriptions could not have been further from his thoughts. Fine, but he should have explained that the deficit could not be tackled without some inroads being made into previously sacrosanct areas, although he could not yet say which ones.

Chemistry lesson

■ Sounds as if the 88,000 members of the Royal Pharmaceutical Society of Great Britain do not have quite as high opinion of Allen Lloyd,

the irrationality of financial markets is sometimes remarkable. A few weeks ago, the fear on Wall Street was that the US economic recovery had ground to a halt. In the past few days that concern has been replaced by fear of galloping inflation.

The price of gold - still regarded by many small investors as the ultimate hedge against inflation - has surged and is now 15 per cent higher than in early March. And the yield on long-dated bonds climbed briefly above 7 per cent, on worries that the Federal Reserve might begin to tighten monetary policy.

When the Fed concluded its policy meeting this week without signalling an immediate rise in interest rates, there was a collective sigh of relief. On Wednesday, the Dow Jones Index rose more than 50 points to a new record. Bond yields and the gold price retreated from earlier highs. But confidence is fragile: the next bad economic number is liable to set off another wave of galloping inflation.

Faltering growth and faster inflation are ever-present risks. But both at the same time? If the economy is really slowing, inflation is unlikely to pose a threat - and vice versa. History suggests that "stagflation" is a product of "supply shocks" - such as the sudden increases in oil prices that hit the world economy in the 1970s. Nothing of that kind is happening.

The most legitimate source of concern lies in Washington politics. With conservative Democrats, Republicans and Texas billionaire Ross Perot all taking pot shots at the Clinton economic plan, the fate of the deficit-cutting package is uncertain. If the end result is a substitution of bigger spending cuts for some of the tax increases, markets will be well pleased; but the risk is that the various factions in Congress will be unable to agree on anything.

Meanwhile, if you allow for the "noise" that seems to envelop nearly every US statistical series, the stagflation fear looks greatly overstated. Inflation probably has passed its low point for this business cycle, but it seems unlikely to gather momentum rapidly. At the same time, the vigour of the US corporate sector suggests the outlook for growth is better than widely appreciated.

Mr Paul Mastroddi, senior economist at J.P. Morgan, the New York bank, notes that business investment in new equipment has accounted for about a third of total economic growth in the past year even though this sector represents only 8 per cent of gross domestic product. Equipment investment was up 14 per cent in real terms in the first quarter of this year against the same period of last year. This star-

ting rate of growth helps explain why business leaders showed no interest in the temporary investment tax credit proposed in President Bill Clinton's economic plan but since axed by Congress.

The investment surge is being led

by huge purchases of computers and other information processing equipment. Investment in these items (which now accounts for 45 per cent of all equipment investment) was up more than 21 per cent in real terms in the year to the first quarter. But other categories of business capital formation are also doing well: investment in transport equipment and general industrial equipment was up 11.5 per cent and 7.5 per cent respectively.

Capital formation is admittedly recovering from a relatively low base. But the investment recovery looks secure because it is underpinned by higher profits and productivity following extensive corporate restructuring. After-tax profits rose 10 per cent last year and may rise by nearly 20 per cent this year.

The most legitimate source of concern lies in Washington politics.

With conservative Democrats,

Republicans and Texas billionaire

Ross Perot all taking pot shots at

the Clinton economic plan, the

fate of the deficit-cutting package

is uncertain. If the end result is a

substitution of bigger spending

cuts for some of the tax increases,

markets will be well pleased; but

the risk is that the various factions

in Congress will be unable to agree

on anything.

Meanwhile, if you allow for the

"noise" that seems to envelop

nearly every US statistical series,

the stagflation fear looks greatly

overstated. Inflation probably has

passed its low point for this busi-

ness cycle, but it seems unlikely

to gather momentum rapidly.

At the same time, the vigour of the

US corporate sector suggests the

outlook for growth is better than

widely appreciated.

Mr Paul Mastroddi, senior econo-

mist at J.P. Morgan, the New York

bank, notes that business invest-

ment in new equipment has

accounted for about a third of

total economic growth in the past

year even though this sector rep-

resents only 8 per cent of gross

domestic product. Equipment invest-

ment was up 14 per cent in real

terms in the first quarter of this

year against the same period of last

year. This star-

No need to hit the panic button

The growing fear in the US of higher inflation and faltering growth looks exaggerated, says Michael Prowse

ing rate of growth helps explain why business leaders showed no interest in the temporary investment tax credit proposed in President Bill Clinton's economic plan but since axed by Congress.

The investment surge is being led by huge purchases of computers and other information processing equipment. Investment in these items (which now accounts for 45 per cent of all equipment investment) was up more than 21 per cent in real terms in the year to the first quarter. But other categories of business capital formation are also doing well: investment in transport equipment and general industrial equipment was up 11.5 per cent and 7.5 per cent respectively.

Capital formation is admittedly recovering from a relatively low base. But the investment recovery looks secure because it is underpinned by higher profits and productivity following extensive corporate restructuring. After-tax profits rose 10 per cent last year and may rise by nearly 20 per cent this year.

The most legitimate source of concern lies in Washington politics. With conservative Democrats, Republicans and Texas billionaire

Ross Perot all taking pot shots at

the Clinton economic plan, the

fate of the deficit-cutting package

is uncertain. If the end result is a

substitution of bigger spending

cuts for some of the tax increases,

markets will be well pleased; but

the risk is that the various factions

in Congress will be unable to agree

on anything.

Meanwhile, if you allow for the

"noise" that seems to envelop

nearly every US statistical series,

the stagflation fear looks greatly

overstated. Inflation probably has

passed its low point for this busi-

ness cycle, but it seems unlikely

to gather momentum rapidly.

At the same time, the vigour of the

US corporate sector suggests the

outlook for growth is better than

widely appreciated.

Mr Paul Mastroddi, senior econo-

mist at J.P. Morgan, the New York

bank, notes that business invest-

ment in new equipment has

accounted for about a third of

total economic growth in the past

year even though this sector rep-

resents only 8 per cent of gross

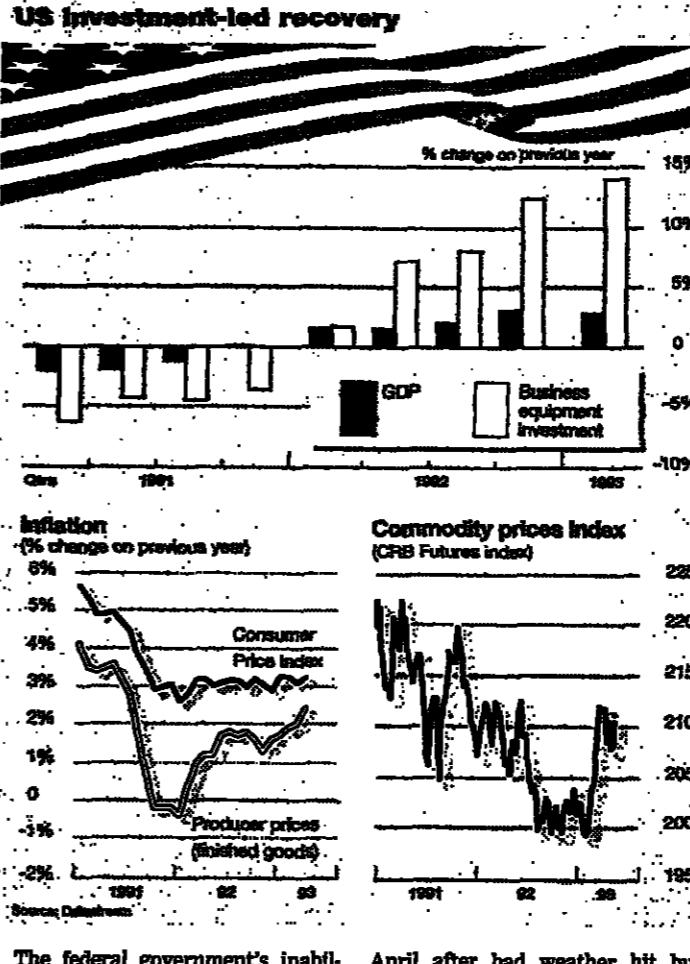
domestic product. Equipment invest-

ment was up 14 per cent in real

terms in the first quarter of this

year against the same period of last

year. This star-



The federal government's inability

to lead a hand together with "structural" impediments - such as defence cuts and weak balance sheets in the personal and corporate sectors - explain the halting recovery. The ballooning of the trade deficit in March may result in first quarter growth being revised down to an annual rate of as little as 1 per cent.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

More recent data is mixed but on balance quite encouraging. Housing starts and retail sales rebounded in

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly.

But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of nearly

Danish vote may increase confidence in other currencies
Yes may mean nein for D-Mark

By James Blitz in London

DENMARK'S vote in favour of the Maastricht treaty has given a boost to the project of European union. But dealers in financial markets wonder whether the Danish Yes has also signalled the start of a long-term decline for the mighty D-Mark on the foreign exchanges.

Over the last 12 months, the German currency benefited greatly from the turmoil in the European exchange rate mechanism, as currency and bond dealers sought a source of stability.

But as Maastricht gets back on track, there are signs that dealers are regaining confidence in currencies and bonds outside the D-Mark bloc. This process threatens to lift the veil on fundamental weaknesses in Germany's economy and its public finances.

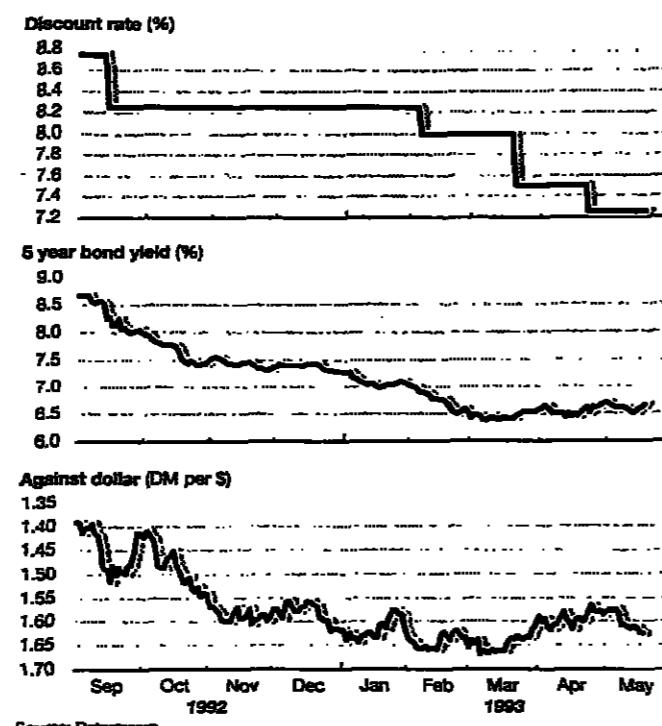
"The poor fundamentals underpinning the German currency are becoming gradually exposed," says Mr Avinash Persaud, of UBS, the Swiss investment bank. "I anticipate the D-Mark will soon be one of the weakest of the major currencies."

This week, the Danish vote has already triggered a sharp outflow of "hot money" from the D-Mark into other European currencies and bonds.

In recent months, international investors had bought the D-Mark as a way of hedging against the possibility of further devaluations of currencies like the Danish krone, the peseta and the escudo.

But the last three days have seen a one-off outflow of funds out of the D-Mark, lifting sterling, the Italian lira and the Iberian currencies, while weakening the D-Mark and German government bonds.

Simultaneously, there has been a surge of short-term investment in the dollar, following US consumer inflation figures that show

How the D-Mark depreciated

Source: Datamonitor

government and central banks to pull down short-term rates as quickly as possible in order to alleviate the funding burden and attract investment into longer-dated bonds.

Following the five realignments since last autumn, the D-Mark is the one currency in the ERM that remains significantly over-valued. It is thought to be 20 per cent over-valued on a purchasing power parity basis: this will have to be redressed if the country is to maintain its share of export markets. Amid all these factors, the near-term outlook for the D-Mark depends on how the Bundesbank responds.

Several Bundesbank council members have raised concern that a weakening D-Mark would raise the prospect of imported inflation.

But Mr Steve Hammah, a director of IBJ International, believes that it will be difficult for the Bundesbank to respond to this danger by tightening monetary policy.

If the D-Mark falls independently of German interest rates, the Bundesbank might have to slow its easing of monetary policy to keep the D-Mark strong, worsening the recession," he said. The Bundesbank's hope must be that, as interest rates come down, there is an orderly depreciation in the D-Mark. But the long-term outlook for the D-Mark remains far from certain.

The D-Mark remains an important reserve currency of European central banks and the proportion of foreign exchange turnover in D-Marks has increased in recent years.

But a parallel is often drawn these days between the D-Mark's current situation and the way in which the dollar's status as a reserve currency has been gently eroded in the last 30 years by the build-up of America's trade and budget deficits.

and bond portfolios.

• The increase in Germany's current account and budget deficits, as a result of reunification, has raised fears about a build-up of D-Mark denominated paper on the world's bond markets. For 1993, the Federal deficit forecast has risen from DM35bn (\$26.5bn) to DM70bn. But this figure still appears implausible to many analysts.

With German GDP set to fall by about 2 per cent this year, the Bundesbank is also likely to reduce short-term interest rates further, thus reducing the premium for investors holding D-Marks.

It is also in the interest of the

market to keep the D-Mark strong, as yet, no threat to inflation. It is still a small wonder that sterling took the figures well. The only trouble is that an exchange rate over DM2.50 does not provide much incentive for overseas investors to buy gilts. As the running in the auctions gets tougher, the government might come to regret that it did not clamp down more in the Budget. It now appears the economy was strong enough to take such treatment.

Once again, the economic indicators seem to be pointing in every direction. After disappointing figures for manufacturing output and retail sales earlier in the week, yesterday brought the unexpected news that unemployment fell in April for the third month in a row. Viewed in a slightly longer perspective, though, the figures are not so confusing. Manufacturing output rose 2 per cent in the three months to March; retail sales were up 1.4 per cent in the quarter to April. That is consistent with a moderate recovery in which the latest figures simply offset earlier months of exceptionally good figures. Similarly, the recent good news on unemployment compensates for the particularly bleak period last autumn when the rate of increase seemed to be accelerating.

Only time will tell if there are also structural changes at work, or how far the lower jobless rate also reflects pressure on claimants to leave the register. This time, though, there is a hint of underlying improvement in the small increase in the manufacturing workforce.

The unequivocally encouraging point is the further fall in average earnings and the resulting drop in unit labour costs which are 3 per cent below March last year. That points to a recovery based on improved competitiveness with, as yet, no threat to inflation. It is still a small wonder that sterling took the figures well. The only trouble is that an exchange rate over DM2.50 does not provide much incentive for overseas investors to buy gilts. As the running in the auctions gets tougher, the government might come to regret that it did not clamp down more in the Budget. It now appears the economy was strong enough to take such treatment.

British Gas

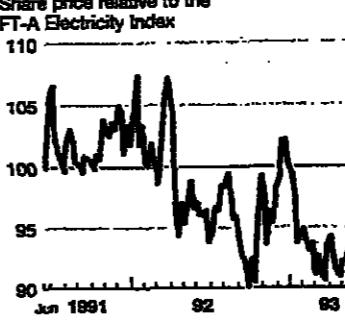
With all eyes focused on the Monopolies and Mergers Commission inquiry, there is a tendency to forget British Gas's current financial condition. The result of the investigation will be vital to the company's future, but on any likely outcome the will continue to be pretty tough. With the RPI minus 3 price formula and increased competition, earnings this year are likely to be around 20p a share. That means dividend cover will only be 1.5 times against the company's declared target of a twice covered payout. Interest cover is close to the company's own comfort level of four times. Meanwhile capital expenditure

THE LEX COLUMN**Doling out good news**

FTSE Index: 2816.8 (-2.9)

Scottish Power

Share price relative to the FT-A Electricity Index



Source: FT Graphite

- particularly on exploration and production - will mean a further cash outflow this year.

These financial ratios might seem comfortable for a pure utility, but the profile of the business is shifting markedly. Even if some of the more radical suggestions are ignored by the MMC, competition in the UK gas business will increase, lessening the security of the utility franchise.

At the same time, the heavy investment in exploration and production is taking the company into higher-risk areas which will not start to produce substantial returns until 1995. If the MMC produces a particularly tough report, that might even force a hard look at the dividend. On a milder outcome, the prospects for dividend growth will still be severely limited. The 6 per cent yield on British Gas shares is supposed to reflect uncertainty over the MMC investigation. But unless that review increases the rate of return on the UK gas business, a re-rating looks unlikely.

Storehouse

Pity about FRS3. The adoption of the new accounting conventions rather wrecked Storehouse's annual results, knocking down pre-tax profits to £15.2m and almost wiping out earnings per share. The damage caused by disposing of businesses also meant the company had to dip into reserves to fund its maintained dividend. But the market chose to ignore such technicalities, concentrating instead on Storehouse's underlying trading. At that level, the company buffed up its reputation as one of retailing's most promising recovery stocks, lifting trading

profits more than fourfold to £35m. BHS doubled its contribution. Mothercare, at last, came back into the black.

Storehouse's share rating certainly demands as much. Fortunately, the recovery momentum seems to have a long way to run - although the appointment of a chief executive would help convert the doubters. BHS's sales per square foot remain pitiful in comparison with Marks and Spencer. Mothercare's profit margin is still less than 2 per cent. Yet Storehouse is also laying firm foundations for solid organic growth over the longer term. Although expensive in the short run, the repurchase of property freeholds will lower its future cost base. It is continuing restructuring of store operations will do the same. Storehouse's recovery is a classic example of the benefits of concentrating on core businesses - and the joys of starting from a low base. Would that Burton and Sears were to follow suit.

Scottish Power

There is clearly something to be said for being first in the privatisation queue: nervous ministers and merchant bankers tend to err on the side of caution when making business assumptions and pricing offers. It is thus Scottish Power's misfortune to have been the government's third attempt to price correctly the UK electricity industry. The Treasury has managed to truss the business so that it has neither the slack RPI caps of the regional electricity companies, nor the generous dividend cover of the generators.

Small wonder, then, that the shares have underperformed the FT-A electricity sector since privatisation. Yesterday's figures give some support to those who argue that Scottish Power can start to make back some ground. Underlying profits growth was 18 per cent, and the expansion of the interconnector between Scotland and England will provide a growing stream of unregulated earnings. The company's management is also making strides to throw off the cosy pre-privatisation culture. Yet there are worries - most notably the failure to achieve the rate of return on the electricity transmission business projected at the time of flotation. Turnover growth is also likely to be sluggish unless some fierce Scottish winters spark demand. Despite the interconnector, there is little reason to suppose that the shares can yet move to a below-market yield.

Saarland blames EC policy as ailing steelworks faces closure

Calls for aid have fallen on deaf ears writes Ariane Genillard in Völklingen

Workers have nicknamed the sprawling structure, once the jewel of the now defunct steel group Roehling, the "museum". But with closure looming at Saarstahl itself, they say the whole area will soon be more like a mausoleum.

Saarstahl, the French-owned steel producer employing 7,500 workers, filed for protection from its creditors this week. Usinor-Saillor, which owns 70 per cent of the holding, said it could no longer transfer funds to the ailing steelworks and sustain losses of DM30m (\$19m) a month.

For workers, trade union and Saarland state officials alike, Saarstahl is the victim of the European Community's inability to devise a coherent steel policy.

"Why is the plug being pulled on us when other steel groups in Europe get free doses of oxygen in the form of state subsidies?" Mr Werner Fries, an official at the plant's workers' council, asked angrily.

But other German steelmakers, equally quick to point accusatory fingers at Brussels, have watched as Saarstahl and Klöckner-Werke, a chiefly Bremen steel producer with its headquarters in

the Ruhr valley, have filed for protection from creditors. They fear their smaller competitors would be able to come back fit and trim and potential prey to foreign buyers.

Klöckner-Werke recently filed for a "composition" procedure, a legal step short of outright bankruptcy. The move should allow the ailing steelmaker to write off DM1.5bn of its DM2.7bn net debt.

For Saarstahl, the proceedings will allow it to suspend interest payments on its debt. Its payroll will be covered by funds from the federal labour office. Saarland state officials said the company's liquidity crisis would be at least temporarily resolved.

Thyssen, Germany's largest steel group, complained that subsidies could not be pumped indefinitely into ailing steelmakers. A total rescue mission for Saarstahl is now ruled out. But the company has four or five mills which operate competitively as a result of heavy investments made in the last decade, according to Mr Lothar Kramm, the official responsible for steel in Saarland's state government.

They say the blame lies with Usinor-Saillor, which, according to Mr Fries of the workers' union, refused pleas for a new capital injection made by the state government, which owns a 27.5 per cent stake.

"Steel is all politics," said Mr Fries, suggesting that job losses mattered less to the French than to the Saarland government. Saarland voted twice, in 1935 and 1955, to be reattached to Germany after falling under French administration at the end of both world wars.

"Maybe, if we were French steelworkers, we would have kept our jobs," said one of the plant's workers.



been hit hardest by cheaper imports from eastern Europe.

A total rescue mission for Saarstahl is now ruled out. But the company has four or five mills which operate competitively as a result of heavy investments made in the last decade, according to Mr Lothar Kramm, the official responsible for steel in Saarland's state government.

It called for a multilateral ground force 25,000-50,000 strong, with US, Nato and Russian participation, to enforce peace in the safe havens.

"It would need," the article said, "a UN mandate stronger than the one under which the forces in Bosnia are now operating."

But she conceded that the US was not "comfortable" with the proposal to establish safe havens for Bosnian Muslims. "We believe that is a reward for ethnic cleansing," she said. How-

Democrat rebellion

Continued from Page 1

The Democratic majority in the Senate is also much slimmer than in the House of Representatives - 57-42 in the full chamber and just 11-9 on many committees.

Less clear, however, is how many Republicans will be willing, for the sake of inflicting a defeat on Mr Clinton, to add their names to the Boren-Danforth proposal.

Mr Clinton finds himself caught in a tug of war between the left and right wings of his party, each of which believes the president has been taken hostage by the other.

Bosnia talks seen as positive

By Jurek Martin in Washington

MR ANDREI KOZYREV, the Russian foreign minister, yesterday said he saw "positive results" emerging from the new round of talks to end the civil war in Bosnia.

He offered no substantiation for his optimism after the first of two planned meetings yesterday with Mr Warren Christopher, US secretary of state, adding only that there was agreement on "basic political principles."

A state department official said Mr Kozyrev had raised "some points worth pursuing", but also declined to elaborate.

Mr Christopher is due to meet Mr Douglas Hurd, UK foreign sec-

etary, in Washington today, and Mr Alain Juppe, the French foreign minister, early next week.

Mr Dee Dee Myers, the White House press secretary, reaffirmed US support for the positioning of monitors on the Serbian-Bosnian border, due to be discussed at a UN Security Council session later yesterday. These would be put in place to tighten the economic squeeze on the Bosnian Serbs and ensure that Serbia kept its promise to stop the flow of military equipment.

But she conceded that the US was not "comfortable" with the proposal to establish safe havens for Bosnian Muslims. "We believe that is a reward for ethnic cleansing," she said. How-

**Trading U.K. Stocks?
Save Up To 71%
In Commission**

If you make your own investment decisions, Fidelity's International

Investor Service offers a simple and inexpensive way to access the UK market. You'll get a substantial discount on traditional trading costs.

Just compare commission levels in the chart. Currency conversions are done at no extra charge when associated with a trade, and our linked, multi-currency offshore Money Market Account pays interest on all uninvested cash balances. The international investor can also trade on US, continental European and other major markets through the Fidelity International Investor Service, all at a substantial discount.

Consider the benefits

✓ Gain direct access to the UK market

✓ Up to 71% off commission

✓ Trading in the UK, continental Europe and other major markets

✓ Unit trusts and mutual funds

✓ Multi-currency Money Market Account

✓ Access real time market information

✓ Open-end fund accounts

✓ Worldwide research services

✓ Direct access to one of the leading international stock exchanges

✓ Direct access to the world's major bond markets

✓ Direct access to the world's major foreign exchange markets

✓ Direct access to the world's major commodity markets

✓ Direct access to the world's major bond markets

✓ Direct access to the world's major foreign exchange markets

✓ Direct access to the world's major commodity markets

✓ Direct access to the world's major bond markets

✓ Direct access to the world's major foreign exchange markets

✓ Direct access to the world's major commodity markets

✓ Direct access to the world's major bond markets

✓ Direct access to the world's major foreign exchange markets

✓ Direct access to the world's major commodity markets

✓ Direct access to the world's major bond markets

✓ Direct access to the world's major foreign exchange markets</

INTERNATIONAL COMPANIES AND FINANCE

Hungary pledges help for troubled commercial banks

By Nicholas Denton
in Budapest

HUNGARY vowed yesterday to recapitalise its troubled financial sector after the disclosure in the *Financial Times* that loan losses at Magyar Hítel Bank and Kereskedelmi Bank, the two largest commercial banks, had wiped out their capital.

AV RT, the state holding company, said it would be ready to put proposals on new capital for the banks it owns before the government's economic cabinet in two or three weeks.

A World Bank-International Monetary Fund mission is then due in June to discuss a broader programme to restructure Hungary's problem debtors as well as to recapitalise problem banks, said Mr Teleki, chairman of the AV RT.

Mr Teleki conceded yesterday new capital was necessary but would not comment on a recommendation by the World Bank for an infusion of Ft100bn (\$1.1bn) to bring the capital adequacy of the whole banking sector up to 4 per cent of assets on international accounting.

However, an AV RT official said that the World Bank was

considering a package worth upwards of \$400m in structural adjustment and enterprise restructuring loans to help put Hungary's financial system in order.

Mr Teleki's comments came in an angry response to yesterday's publication of data from a confidential World Bank document which revealed that Hungary's top commercial banks were "technically insolvent".

Mr Teleki accepted that Hungarian banks did not meet international norms for capital strength. But added: "That is not the aim. While they are still not privatised there is no point in them meeting international standards."

Hítel Bank yesterday responded to the revelation of its technical insolvency by stressing it remained liquid and stated that it had positive capital under Hungary's more flattering accounting principles.

• Citibank Overseas Investment is to lift its stake in Citibank Budapest to 100 per cent by acquiring a 20 per cent stake from the National Bank of Hungary. Reuter reports from Budapest.

The Budapest-based bank earned pre-tax profits of Ft2bn in 1992.

Warehouse clubs pay price for wafer-thin margins

Nikki Tait analyses the gloom surrounding large discount stores in the US as profits and sales recede

After two decades of heady expansion, has the "warehouse club" explosion in the US come to an abrupt halt?

If so, what does this mean for the nation's large discount store operators, who own many of these cut-price, no-frills retail barns, and whose "everyday low pricing" strategies have dominated the stores sector for the past few years?

The worries are real. Only this week, K mart - in the process of reporting an 80 per cent slump in first-quarter profits - noted that "like-for-like" sales in its 114-outlet PACE warehouse chain dipped by almost 6 per cent during the three months to April.

Today, the typical warehouse club outlet comprises a large shack, probably on the outskirts of an urban area and stocked with anything from office supplies to food items, which are sold at bargain-basement prices.

On the west coast, shares in Washington-based Costco, which has plans to introduce warehouse clubs to the UK, have halved over the past year. Even the mighty Wal-Mart Stores has been affected.

Wal-Mart's Sam's Clubs division, the largest club chain, saw revenues from comparable outlets decline in February and March. That, in turn, fuelled Wall Street's perennial worries over whether America's top-selling retailer would be able to sustain its remarkable growth rate. Wal-Mart shares are flirting with their 52-week low.

"Warehouse clubs have found it difficult to get any real sales growth," says Mr Such gloom contrasts sharply with the results established by warehouse clubs over the past 15 years. The concept was born in California in the late 1970s, when an aptly-named entrepreneur, Mr Sol Price, opened the first outlet in San Diego.

Competitors quickly followed Mr Price's lead and club sales erupted. Having stood at only \$2bn in 1984, they rose to almost \$16bn in 1989. Last year, they totalled \$23bn. These advances have come partly from new openings, but some operators - such as Costco - have enjoyed comparable store sales growth in excess of 20 per cent in recent years.

Walter Loeb, retail consultant,

Mr Jeffrey Peiner, analyst at Salomon Brothers, estimates same-store sales growth at Costco and Sam's will probably reach 5 per cent in 1993, way below the double-digit figures seen in recent years.

However, this stagnation, say the pessimists, is only symptomatic of more fundamental problems faced by the warehouse club industry:

• Clubs are seeing increased competition from a new breed of specialised superstores. These have sprung up in many product sectors, from books to footwear, and, in many cases, have yet to prove themselves in profit terms.

Such outlets are large (at upwards of 100,000 sq ft, they are at least three times the size of an average UK supermarket) and carry an extensive range of products within a clearly defined merchandise category.

The Incredibly Universe stores, which Tandy Corporation opened in Texas and Oregon last year is a good example. At about 150,000 sq ft, business failures have been mounting steadily and reached record levels in 1992.

• There is the lack of growth in the economy generally, and in the small business sector in particular.

According to Dun & Bradstreet, the financial information group, the number of new business incorporations was on a steady five-year decline between 1985 and 1991, while

business failures have been mounting steadily and reached record levels in 1992.

• Clubs are well-informed sales people to advise on selection," comments Mr Loeb. "They carry competitively-priced products, so many customers no longer regard warehouse clubs as the lowest price source."

These power retailers have

warehouse clubs.

They are filled solely with electronic goods, from refrigerators to cameras, which are profited at highly attractive prices.

• Club operators, buoyed by

the apparent success of their sub-sector, have been opening new outlets at a formidable rate. This has led to congestion in certain geographical regions.

In the Dallas-Fort Worth area, for example, Sam's had

more than a dozen stores by the end of 1992. Costco had four, and Price Club, one.

Almost two-thirds of these outlets had opened over the past

two years.

That said, some analysts

note that food items account for over half the clubs' turnover, and that food prices have been falling - meaning

that sales in this area have had to rise to stand still. That is unlikely to be a long-term trend.

The warehouse club sector

may have scope for some further consolidation, alleviating the congestion difficulties. To

an extent, this has happened.

operators have been experimenting with new product lines. Costco, for example, has tested garden equipment and professional tools, while others have added drug store products and optical services.

An example is the merger of PACE and Price Savers, once owned by Kroger, the supermarket group.

"Similar to other retail sub-

sectors, we believe that the warehouse club sector will have to undergo some type of shake-out," say analysts at Salomon.

What seems likely is that if

home market growth is slowing, warehouse club operators will be increasingly anxious to expand their horizons. This has started to happen.

Wal-Mart and Price Com-

pany, in a joint venture with Littlewoods, and

Costco, in which France's Carrefour owns a minority stake, plan to open outlets in the UK. Both companies operate a dozen or more club outlets in Canada.

Price, while denying that overseas expansion is simply a response to sluggish conditions at home, has a joint venture in Spain and Portugal, where it is looking for sites in the hope of opening its first warehouse on the outskirts of Madrid next year.

However, Price is more cautious about some pundits' suggestions that the warehouse clubs could work well in parts of eastern Europe.

"Eastern Europe is a procure-

ment question," it comments. "One can establish clubs, but will one have products to sell?"

Telefonica improves 17.4% in first term

By Peter Bruce in Madrid

Pta281.8bn in the first quarter of 1992.

Earlier this month, the state-controlled Spanish telecommunications monopoly, has reported consolidated group pre-tax profits of Pta18.3bn, up from Pta14.9bn last year, while it said turnover totalled Pta292bn, up from Pta270bn.

The fact that group profits have overtaken the parent's will come as some relief to the company. Consolidated profits last year were hit by losses at some of Telefonica's smaller domestic service companies.

NOTICE to the holders of those of the US\$70,000,000 FLOATING RATE SERIAL NOTES DUE DECEMBER 1993 presently outstanding (the "Notes") of SCANDINAVIAN FINANCE B.V. ("SFBV")

constituted by a Trust Deed (the "Trust Deed") dated 21st December, 1983 and made between SFBV, SBC Holdings Limited (formerly Scandinavian Bank Limited) ("SBC") and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as Trustee for the holders of the Notes.

NOTICE IS HEREBY GIVEN TO THE HOLDERS OF THE NOTES THAT:

(i) SFBV and SBC have requested the Trustee to exercise its powers under the Terms and Conditions of the Notes and the Trust Deed to effect the substitution in the place of SBC of SKANDINAViska ENSKILDA BANKEN ("SEB") as the guarantor on a non-subordinated basis in respect of the Notes and the interest coupons appearing thereto and under the Trust Deed;

(ii) The Trustee, being of the opinion that such substitution referred to in (i) above is not materially prejudicial to the interests of the holders of the Notes, has concurred in the implementation of such substitution, in each case with effect on and from 6th May, 1993;

(iii) such substitution has been implemented by a Supplemental Trust Deed dated 6th May, 1993 made between SFBV, SBC, SEB and the Trustee;

(iv) Condition 8(d) (Redemption for Tax Reasons) and Condition 10 (Taxation) of the Terms and Conditions of the Notes have been modified by the addition of the words "or Sweden" after each reference to "The United Kingdom"; and

(v) SEB is not aware of any circumstances which would affect its ability to perform its obligations as guarantor.

The Notes remain listed on the London Stock Exchange. The definitive Notes and relative interest coupons have in issue will remain valid, and accordingly will not be called in for replacement.

Copies of the Trust Deed, the Supplemental Trust Deed referred to in (iii) above and the Terms and Conditions of the Notes as modified to reflect the substitution of SEB in place of SBC as guarantor are available for inspection and, in the case only of such modified Terms and Conditions, collection at the specified office of each of the Paying Agents.

Issued by: SCANDINAVIAN FINANCE B.V.-SBC HOLDINGS LIMITED and SKANDINAViska ENSKILDA BANKEN

Deutsche Bank Aktiengesellschaft

(Incorporated with limited liability in the Federal Republic of Germany)

Notification of Dividend

The Ordinary General Meeting on May 19, 1993, has resolved to distribute the distributable profit for the 1992 financial year being DM 694,967,335 and has approved the payment of a dividend of DM 15 per share of DM 50 par value.

The dividend will be paid less 25% investment income tax against presentation of Dividend Coupon No. 58 at one of the paying agents listed in the Federal Gazette (Bundesanzeiger) of the Federal Republic of Germany No. 94 dated May 22, 1993.

In accordance with the British-German Double Taxation Convention of November 26, 1964, as amended in the protocol of March 23, 1970, the German withholding tax is reduced from 25% to 15% for shareholders resident in the United Kingdom. To claim this, shareholders must submit an application for refund by December 31, 1997 at the latest. The application should be addressed to the Bundesamt für Finanzen, Friedhofstrasse 1, D-5300 Bonn 3.

In the United Kingdom payment will take place through the following banks: Deutsche Bank AG, London Branch, 6, Bishopsgate, London EC2P 2AT, Midland Bank plc, Securities Services UK Department, Ground floor, Suffolk House, 5 Laurence Pountney Hill, London EC4R 0EU.

The dividend payment in the United Kingdom is made in Pound Sterling converted from Deutsche Mark at the rate prevailing on the day of presentation of the dividend coupon

Frankfurt am Main, May 1993

Board of Managing Directors

U.S. \$225,000,000

BACOB

BACOB Overseas Limited

(Incorporated in the Cayman Islands with limited liability)

Guaranteed Floating Rate Notes due 1994

unconditionally and irrevocably guaranteed by

BACOB Savings Bank S.C.

(Incorporated in Belgium as a co-operative limited liability company)

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 18th August, 1993 has been fixed at 3.375% per annum. The interest accruing for such three month period will be U.S. \$86.25 per U.S. \$10,000 Note and U.S. \$862.50 per U.S. \$100,000 Note against presentation of Coupon Number 7.

Union Bank of Switzerland
London Branch Agent Bank
14th May, 1993

NOTICE

to the holders of the outstanding ECU 140,000,000 8 3/4 per cent Guaranteed Subordinated Convertible Bonds due 2002 (the "Bonds")

guaranteed on a subordinated basis by Banco Comercial Português S.A. (the "Guarantor")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, as a result of the issue by the Guarantor on 21st May, 1993 of 18,281,000 shares of the Guarantor by way of capitalisation of reserves, the Conversion Price of the Bonds will pursuant to the provisions of the Trust Deed constituting the Bonds, be adjusted from Ecu100.2300 per share to Ecu101.916 per share with effect from 21st May, 1993.

21st May, 1993
BCP Bank & Trust Company (Cayman) Limited

REPUBLIC OF POLAND

MINISTRY OF PRIVATISATION INVITATION TO NEGOTIATE

As part of the Polish Government's privatisation programme, the Minister of Privatisation, acting on behalf of the State Treasury, in accordance with Article 23 of the Privatisation of State-Owned enterprises Act of July 13th 1990 (The Privatisation Act), is issuing an invitation to negotiate to all suitably qualified parties interested in the purchase of no less than 10% of the shares of:

- three tyre manufacturing companies:

STOMIL Debica S.A.
STOMIL Olsztyn S.A.
STOMIL Poznan S.A.

- one rubber processing company:

STOMIL Sanok S.A.

In accordance with Article 24 of The Privatisation Act, up to 20% of the shares of each company will be offered to the employees on a preferential basis. The present invitation to negotiate also encompasses the option to purchase shares offered to the employees pursuant to this article but not purchased by the employees.

The Ministry of Privatisation reserves the right to reject submitted offers or to modify the privatisation procedures, should this be in the interest of the Ministry or the Companies.

Procedure :

Interested parties should record their interest in the above matter by contacting the undermentioned transaction managers. Information packages concerning one or several of the above mentioned companies will be sent against letters of confidentiality.

SOCIETE GENERALE

Capital Markets Division - Privatisation dept.
50 rue Taubout
Paris 75009
France

Attn : Mr. Frédéric Bobo
Mr. Eric Clairefontaine

Tel. : (33-1) 44-63-78-32
Fax : (33-1) 44-63-69-25

National & Provincial Building Society

Issue of up to ECU 200,000,000
Floating Rate Notes 1999

News Corp \$3bn credit facility complete

By Nikki Tait
in New York

MR RUPERT Murdoch's News Corporation announced yesterday that it had completed arrangements for a revolving credit facility amounting to \$3bn.

The facility is being provided by a 27-member banking group, and will permit borrowings in US dollars, Australian dollars and sterling.

It has a final maturity date of June 1999 and, according to News Corporation, the facility will cut the company's bank borrowing rates by 75 basis points.

The proceeds from the new facility will be used to repay News Corp's outstanding borrowings under a \$2bn "over-ride" facility - set up in early 1991, with 146 lending banks - and a \$901m stand-alone facility for HarperCollins.

The \$3bn refinancing represents a further big step in the restructuring of News Corp's debt. In late 1990, it was facing severe financial problems with debts of more than \$7.5bn.

The company held lengthy negotiations with international banks and after months of talks, it was agreed that about \$7.5bn of debt would be restructuring over three years.

TCI to buy 49% of Televisa cable offshoot

By Damian Fraser
in Mexico City

TELE-COMMUNICATIONS (TCI), the world's largest cable television operator, has agreed to buy 49 per cent of Cablevision, the cable subsidiary of Mexico's giant media company Grupo Televisa.

As part of the deal, TCI and Televisa will set up a joint venture to develop cable and pay television in Latin America, including Brazil, the region's largest television market.

The new company will benefit from TCI's advanced pay television technology and expand by forming joint ventures with or buying up existing Latin American cable companies, or starting new ones from scratch, Televisa said.

Mr Fernando Diaz Barroso, Televisa's vice-chairman, said: "Together, Grupo Televisa and TCI will build the Spanish and Portuguese-speaking world's ultimate pay television system for information and entertainment. We will deliver limitless product options on-demand into the living rooms of over 350m consumers, where the growth of cable and pay television will be explosive."

Cablevision says it is the largest pay television company in Mexico, although its main rival, Multivision, also claims this title. Last year, Cablevision had 193,000 subscribers, with revenues of nearly \$80m, up 40 per cent on 1991.

Televisa is the biggest and most powerful media company in the Spanish-speaking world with revenues last year of \$1.36bn. It has a near-monopoly in Mexico and stakes in television stations in the US, through Univision, the Spanish-speaking network, in Peru and Chile, and production agreements in Venezuela and Argentina.

However, its dominance in Mexico will come under threat next month when the government privatises two state-owned channels. The favoured bidding group for the state channels includes the owner of Televisa.

In the US, TCI serves 10.2m customers in 49 states. It also has investments in nine countries - including the UK franchise, Tele-West, in partnership with US West. The Denver-based company has more than 1m international subscribers, and other international joint venture arrangements have taken it into Israel, Sweden, Norway and New Zealand.

Parametric looks to Asia for expansion

By Andrew Baxter

PARAMETRIC TECHNOLOGY, one of the fastest-growing high-technology companies in the US, has begun a big expansion into Asia to tap the market for its mechanical Cadcam (computer-aided design and manufacturing) software.

The Massachusetts-based Parametric, founded in 1985 and valued at about \$1bn on Wall Street, has been rapidly developing its operations in Europe over the past two years. But in recent months it has stepped up its Asian presence, opening direct sales offices to complement existing distribution arrangements.

Mr Louis Volpe, vice-president for marketing and operations, said in London that Parametric wanted to achieve a broad balance between its US, European and Asian sales over the next 10 years.

With turnover doubling in the US each year, this would imply even faster growth in Europe and Asia.

Parametric sees Japan as its biggest market in Asia. Along with other Cadcam vendors, it is keen to exploit the Japanese move from two-dimensional to three-dimensional mechanical design, which is occurring rather later in Europe than in the US.

But Mr Volpe said Chinese companies had expressed much interest in its products. It had also just received the largest-ever Cadcam order from an Indian company, Tata Engineering and Locomotive.

In Europe, Parametric is targeting electronics packaging and automotive companies. It is hoping to use its new Pro/Dice software for complex body-panels as a way into the European automotive market.

Parametric's sales surged from \$11m in 1989 to \$86.7m last year due to the popularity of its Pro/Engineer family of software products and their applicability to a number of different workstations.

The company projects that investment this year will reach \$7.5bn, focusing on further automation and improving quality control.

Fiat tightens grip on Italian market

By Haig Simonian in Milan

THE PURCHASE of the outstanding 51 per cent of Maserati for £75.8m (\$11.5m) has allowed Fiat, Italy's leading private company, to tighten its hold over the domestic car industry.

Fiat bought 49 per cent of Modena-based Maserati, best known for its expensive sports saloons, in 1988. The acquisition included 51 per cent of Innocenti, the Maserati-owned maker of compact cars.

The agreement to buy out the remaining shares in Maserati follows the illness earlier this year of Mr Alejandro De Tomaso, whose family controlled the company via the New York-listed De Tomaso Industries concern. Mr De

Tomaso's continuing ill-health prompted the decision to sell out.

Maserati made about 1,000 cars last year, well down on its pre-recession output of between 1,500 and 1,800 units a year. The company has been badly hit by the slowdown in sales and is believed to have suffered rising losses in 1992.

Sales are divided almost equally between Italy and foreign markets, notably Germany, France and Switzerland. The seemingly high price for Maserati in view of its financial performance may be explained by the inclusion in the deal of the company's former Lambrate plant on the eastern fringe of Milan. Production at Lambrate ceased recently and Fiat is expected to

redevelop the site as a big new shopping centre.

Fiat said the acquisition would not trigger any change in Maserati's identity nor closer contacts with Ferrari, the prestige Fiat-owned sports car maker also located near Modena.

Fiat's original investment in Maserati was expected to give it a new lease of life but, despite some limited financing, the investment had few obvious benefits for Maserati. That may be explained by the fact that the stake was purchased in the same year as Fiat failed in its bid to take over Saab of Sweden and may have reflected a broader strategy of developing synergies between Fiat's Lancia marque and Saab and Maserati.

By contrast, Fiat has had some success in developing Innocenti, which no longer produces cars, as an additional brand of vehicles from its foreign factories. Innocenti's Elba model is actually the station wagon version of Fiat's Uno model made in Brazil.

• GFT, the troubled Torinese clothing and textiles group, said talks on selling a substantial stake to Miroglio, another privately-owned clothing concern, had been broken off by mutual agreement.

The two companies said negotiations between them and with outside partners had revealed "considerable difference in the interpretation of and ways of looking at methods of operation in the market".

US airline widens talks in Europe

By Nikki Tait

MR Bob Crandall, chairman of American Airlines, says the US carrier has held talks over possible partnerships with a number of European carriers, including Lufthansa, British Midland, Air France, SAS, and KLM Royal Dutch Airlines.

Speaking after his company's annual meeting in Texas, Mr Crandall said: "We haven't been able to structure a deal that makes sense for us and a European partner." However, he said talks were continuing although he did not specify which carriers these involved.

Although talks in the past had covered equity investments, discussions under way now were more about marketing relationships, he said.

Molson suffers downturn

By Robert Gibbons in Montreal

MOLSON, the Canadian brewing and retailing group, says that strength in its brewing and overseas special chemicals operations were more than offset by difficulties in retailing and other problems in North America in the year ended March 31.

The company reported a fall in net profits to C\$113.7m (US\$89.3m), or C\$1.90 a share, for the year compared with C\$126.2m, or C\$2.25, in fiscal 1992.

Sales and other revenues rose by 6 per cent to C\$3.1bn, from C\$2.9bn.

Including a special gain of C\$51m after tax from the sale by Molson of 20 per cent of a brewing subsidiary to Miller Brewing of the US, total profit for the latest year was

C\$164.7m, equal to C\$2.76 a share.

Mr Marshall Cohen, president, said that conditions were difficult in some markets and management is taking corrective steps. Molson's brewing profits rose 3.8 per cent to C\$16.8m.

The recession and a poor summer season were offset by higher prices and more efficient production.

Molson Breweries is now 40 per cent owned by Molson, 40 per cent by Foster's of Australia and 20 per cent by Miller.

The link with Miller would raise sales of Molson brands significantly in the US, said Mr Cohen.

Operating profits from Diversy, Molson's special chemical business, rose 39 per cent, but its North American operations were affected by the recession

Greek telecoms group ahead

By Karin Hope in Athens

INTRACOM, the Greek telecommunications equipment manufacturer in which Ericsson of Sweden holds a 12 per cent stake, increased net earnings by 4.4 per cent to Dr6.6m (\$60m) for 1992 after delays in signing contracts held up production.

Sales rose by 11.2 per cent to Dr3.8bn. They were led by the company's expansion into eastern Europe with the launch of a computerised lottery game in Russia.

Exports amounted to 16 per cent of sales in 1992, compared with 7 per cent in the previous year.

of a Dr50bn contract to modernise the Athens telephone network after several months' delay.

The turnkey project for OTE, the state-owned telecommunications operator, will be partly funded by the European Community.

Intracom is also participating in one of two international consortia setting up competitive mobile telephone networks in Greece. Both networks are due to start operating later this year.

The company projects that investment this year will reach Dr7.5bn, focusing on further automation and improving quality control.

INVESTOR AB

FIRST QUARTER REPORT 1993

INVESTOR GROUP

Investor's net worth rose during the period by 2% to SEK 33,226 million (December 31, 1992: SEK 32,415 m.) or SEK 183 (178) per share after full conversion.

The Group reported a consolidated loss after financial items of SEK 542 m., against year-earlier income of SEK 1,148 m.

STRATEGIC PORTFOLIO

The value of Investor's portfolio of strategic holdings on March 31 amounted to SEK 23,181 (23,238) m., in principle unchanged from year-end 1992. The Affärsvärlden General Index rose during the period by 9%. On May 14 the market value of the portfolio was SEK 25,872 m.

On March 31 the largest holdings were in Astra, which accounted for 34% of the value of the portfolio, STORA 15%, Incentive 15% and ASEA 13%. The six largest holdings together represented 92% of the portfolio.

SAAB-SCANIA HOLDINGS

Consolidated sales of the Saab-Scania Holdings Group amounted to SEK 6,200 (6,800) m. Order bookings amounted to SEK 5,900 (5,800) m. The order backlog at the end of the period was SEK 30,900 (19,100) m.

The income after financial items of the business areas amounted to SEK 266 (499) m. The Group reported a consolidated loss after financial items of SEK 92 m. against income of SEK 211 m. in the corresponding period of 1992.

Demand for Saab-Scania's principle products is expected to remain weak, because of which it is anticipated that Saab-Scania Holdings will report a loss after financial items for 1993.

This is a summary of Investor's first quarter report 1993. The complete report can be obtained from Investor AB, S-103 32 Stockholm, Sweden, telephone +46 8 614 20 00.

That this Meeting of the holders of the outstanding £150,000,000 11 1/2 per cent. Notes 1994 (the "Notes") of The Agricultural Mortgage Corporation PLC (the "Issuer") constituted by the Trust Deed dated 30th August, 1989 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") hereby:

(1) determines that completion of the purchase by Lloyds Bank Plc of all the issued share capital of the Issuer not previously owned by it shall not be treated as an Event of Default for the purposes of Condition 9 of the Terms and Conditions of the Notes as printed on the reverse of them and in the First Schedule to the said Trust Deed (the "Conditions"), cancels the right of the Noteholders which has arisen under paragraph (viii) of Condition 9 to request the Trustee in writing or to direct the Trustee by Extraordinary Resolution to give notice to the Issuer that the Notes are immediately due and payable by reason of such purchase by Lloyds Bank Plc and accepts to the modification thereof by the deletion of paragraph (viii) of Condition 9 and the reference to that paragraph in the proviso to Condition 9;

(2) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders against the Issuer involved in or resulting from the determination, cancellation and modification referred to in paragraph (1) of this Resolution;

(3) sanctions the proposal of the Issuer that the Noteholders or any of them may at their option, by depositing with any Paying Agent (as defined in the Conditions) the relevant Note or Notes, together with (i) all Complus relating thereto which mature after the date fixed for purchase as specified below and (ii) a duly completed Purchase Notice in the form obtainable from any of the Paying Agents (which notice shall be irrevocable) at any time following the passing of this Resolution, require the Issuer to purchase all or any of their Notes on the business day (as defined in Condition 6) specified by the Noteholder in the Purchase Notice and failing less than 10 days after the date of the deposit of the relevant Note or Notes at a price equal to the aggregate of 100 per cent. of their principal amount and an amount equal to interest accrued to that date, all in accordance with the Second Supplemental Trust Deed referred to in paragraph (4) of this Resolution; and

(4) authorises and requests the Trustee to co-operate in the determination, cancellation and modification referred to in paragraph (1) of this Resolution and the proposal referred to in paragraph (3) of this Resolution and, in order to give effect to this Resolution, forthwith to execute a Second Supplemental Trust Deed in the form of the draft produced to the Meeting and for the purposes of identification signed by the Chairman of it with such amendments (if any) to it as the Trustee shall require or approve.

Details of the background to, and the reasons for, the proposed Extraordinary Resolution are set out in the Original Notice.

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Notes), the draft Second Supplemental Trust Deed referred to in the Extraordinary Resolution set out above and the Original Notice will be available for inspection by Noteholders during normal business hours at the specified offices of the Paying Agents set out below.

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed determination, cancellation and modification or on the put option scheme, the principles of which it has had no part in formulating, but has authorised it to be stated that, on the basis of the information set out herein and in the Original Notice, it has no objection to the Extraordinary Resolution being submitted by the Noteholders for their consideration.

VOTING AND QUORUM

1. A Noteholder wishing to attend and vote at the adjourned Meeting in person must produce at such Meeting either the Note(s) of which he is the holder or the voting certificate(s) issued by a Paying Agent relating to the Note(s) in respect of which he wishes to vote.

A Noteholder not wishing to attend and vote at the adjourned Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or instruct a Paying Agent to appoint a proxy to attend and vote at such Meeting in accordance with his instructions.

Notes may be deposited with any Paying Agents or held to their order by Euroclear or Cedel for the purpose of obtaining voting certificates or appointing proxies in respect of the adjourned Meeting until the time fixed for the adjourned Meeting (or, if applicable, any further adjourned Meeting), and the surrender of the voting certificate to the Paying Agent who issued the same. Notes so deposited or held for the purpose of instructing a Paying Agent to appoint a proxy will not be released until the first to occur of (a) the conclusion of the adjourned Meeting or any further adjourned such Meeting or any poll taken on any resolution proposed thereto (whichever is the later), and (b) the surrender to such Paying Agent (not less than 48 hours before the time for which the adjourned Meeting or any further adjourned such Meeting is convened or a poll called) of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released and the giving of notice by such Paying Agent to the Issuer of the necessary amendment to the voting instructions.

Any voting certificate(s) issued, any voting instruction(s) given and any appointment(s) of a proxy made pursuant thereto for the Meeting of Noteholders convened for 28th April, 1993 will be valid for the adjourned Meeting unless, in the case of voting certificates, such voting certificates are surrendered before, or in the case of voting instructions, such voting instructions are revoked or amended not less than 48 hours before, the time for which the adjourned Meeting is convened.

Any Noteholder who, for the purpose of obtaining a voting instruction form or voting certificate, deposited his Note with any Paying Agent or (to the satisfaction of such Paying Agent) gave instructions to Cedel or Euroclear or another bank or depositary approved by the Trustee for his Note to be held to the order of such Paying Agent, later than 48 hours before the time appointed for holding the first Meeting and who consequently was not issued with a voting instruction form or voting certificate for use in connection with the adjourned Meeting.

2. The quorum required at the adjourned Meeting is two or more persons holding Notes or voting certificates or being proxies whatever the principal

INTERNATIONAL COMPANIES AND FINANCE

Sharp contrast in Australian bank results

By Bruce Jacques in Sydney

WESTPAC Banking Corporation and National Australia Bank, the largest Australian banking groups, yesterday revealed widely contrasting financial performances for the six months to March.

The National consolidated its position as the country's most successful major bank with a 25 per cent rise in net earnings, after extraordinary, to A\$507.3m (US\$362.3), an interim dividend increase from 22 cents to 24 cents a share, and a 5 per cent fall in bad and doubtful debt charges to \$A32.1m.

In contrast, Westpac reported a \$A204.6m loss, a halved interim dividend of 6 cents a share, large new bad and doubtful debt write-offs of almost \$A900m, and plans to raise a further \$A500m in converting preference shares to top up its capital adequacy ratios.

Although still in the red, the latest Westpac result was far better than the previous corresponding half, when the bank's property and other problems first surfaced with a \$A2.7bn bad and doubtful debt write-off, causing a \$A1.7bn net loss.

Property problems again bit hard into the latest Westpac result. Non-property write-offs were reduced to a manageable \$A275m, but revaluations of problem property assets caused

NZ unit matches expectations

BANK of New Zealand yesterday announced an unaudited operating tax-paid profit of NZ\$124.6m (US\$74.8m) for the year to March 31, which the new owners, National Bank of Australia, said was in line with expectations.

The result is not comparable with last year's profit of NZ\$171.2m as NAB changed the company's accounting policies in November when it bought the bank for NZ\$1.5bn. It said then that the changes were significantly during late 1992 and early 1993.

accounting and provisioning policies. This led to an abnormal item of NZ\$27.2m after tax. If the abnormal item is included, BNZ made a loss of NZ\$151.3m.

The managing director, Mr Bob Frowse, said the results reflected reduced income from treasury-related activities such as securities and foreign exchange trading, where the bank was adopting a more cautious approach. He said trading margins had tightened significantly during late 1992 and early 1993.

The result is not comparable with last year's profit of NZ\$171.2m as NAB changed the company's accounting policies in November when it bought the bank for NZ\$1.5bn. It said then that the changes were significantly during late 1992 and early 1993.

The group's results will be largely influenced by the successful completion of restructures now in process to reduce operating expenses and the effect of reducing low-performing corporate assets, mainly offshore," Mr Joss said. "The adverse impact of non-performing loans has been diminishing."

Westpac's gross problem loan portfolio eased from \$A9.72bn to \$A8.57bn in the half. In contrast, the National's problem loans, although not strictly comparable because of

European operations and a return to profits by the troubled finance offshoot, Australian Guarantee Corporation.

The group's results will be largely influenced by the successful completion of restructures now in process to reduce operating expenses and the effect of reducing low-performing corporate assets, mainly offshore," Mr Joss said. "The adverse impact of non-performing loans has been diminishing."

Westpac's gross problem loan portfolio eased from \$A9.72bn to \$A8.57bn in the half. In contrast, the National's problem loans, although not strictly comparable because of

a further \$A525m in bad debt charges.

The Westpac result was also hit by abnormal losses of \$A17.3m (\$A26.6m previously), including a \$A137m charge for restructuring expenses.

The managing director of Westpac, Mr Robert Joss, pointed yesterday to progress achieved by the bank towards recovery targets. He said operating expenses had been reduced markedly and the company's earnings before write-offs and tax had risen from \$A686.7m to \$A729.1m in the half.

This reflected improved performances in the bank's Australian, New Zealand, US and



John Uhrig: announced resignation from board

differing accounting practices, grew from \$A4.25bn to \$A5.31bn.

Reflected the National's result reflected higher earnings from its Australian, UK and Irish operations and a bigger contribution from New Zealand following the takeover of Bank of New Zealand (BNZ) late last year. UK and Irish banks lifted their combined contribution from \$A83.9m to \$A122.8m.

The Clydesdale Bank lifted its net contribution from \$A37.7m to \$A65.8m. Northern Bank was up from \$A23.8m to \$A32.6m. Yorkshire Bank rose from \$A45.8m to \$A89m. National Irish lifted from \$A5.9m to \$A5.5m, but NAG (UK) increased its loss from

\$A12.4m to \$A16m.

The managing director of the National, Mr. Don Argus, said the latest result had been achieved without any significant upturn in economies where the bank operates. He said profit before tax and provisions had risen by 10.3 per cent to \$A12.4m.

"Gains were generated through increased productivity, successful cost containment, improved credit management and by the development of successful new banking products targeted at key segments of the market," Mr Argus said.

The National's total capital adequacy ratio was reduced from 11.7 to a still-comfortable 10.8 per cent in the half, against the required Reserve Bank minimum of 8 per cent. Westpac's corresponding ratio rose from a shaky 8.4 per cent to 10 per cent.

Westpac directors yesterday approved a request by the bank's newest major shareholder, Lend Lease Corporation, to lift its Westpac stake to 15 per cent. They also invited two Lend Lease executives, Mr Stuart Horner and Mr John Morschel, to join the Westpac board.

Meanwhile, the chairman of Westpac, Mr John Uhrig, announced he would resign from the board of the bank's existing 15 per cent shareholder, the AMP Society. From March 31 to the previous fiscal year, AP-DJ reports from Tokyo.

Pre-tax profits were \$A1.6bn (\$A16.3m) against \$A4.5bn, while net profits fell to \$A2.3bn from \$A4.4bn. Sales were down just under 6 per cent to \$A42.5bn. The dividend is unchanged at \$A10.

■ Snow Brand Milk Products, the largest manufacturer of dairy products in Japan, said yesterday its unconsolidated, or parent-only, pre-tax profit fell 3.8 per cent in the year to March 31 from the year earlier, AP-DJ reports from Tokyo.

Pre-tax profit fell to Y15.2bn from Y15.8bn, although net profit was down only 0.5 per cent to Y6.75bn against Y6.83bn the previous year. Meanwhile, Meiji Milk Products, Japan's second-largest producer of dairy foods, reported unconsolidated pre-tax profits down 5.1 per cent during the year to March 31.

Sales grew 1.9 per cent to Y95.1bn as a result of solid sales of Kinedai, its remedy for diabetes and Vega, its anti-asthmatic compound.

The company is to raise dividends by Y6 to Y20 per share for the last fiscal year in tandem with the increase in profits and sales.

The Osaka-based company expects pre-tax profits to climb 3.2 per cent to Y37.5bn for the

Singapore industrial group falls slightly

By Kieran Cooke in Kuala Lumpur

CYCLE & Carriage (C&C), the Singapore-based food, property and motor distribution group, has announced net profits for the six months to March 31 of \$S38.4m (US\$23.5m), a

10.3 per cent fall on the year.

The result reflects reduced domestic demand, which led to increased price competition and smaller margins in most sectors.

Sales for the year were down

3.2 per cent to Y560bn, with a 5.8 per cent decline in fibres and textiles and a 5.5 per cent fall in plastics and chemicals.

However, new products and

other businesses, including

materials used in sporting

goods and pharmaceuticals,

surged 20.6 per cent.

Sluggish demand for con-

sumer electronics in Japan was

partly responsible for the fall

in plastics and chemicals sales,

while intensified competition

in the polyester film market

reduced the company's over-

seas margins.

Consolidated sales slipped a

marginally 0.6 per cent to

Y50.5bn, while net profit was

down 3.1 per cent, as demand

was forecast to slip to Y46.5m.

Sales increased 7.3 per cent

to Y20.6m against the last fi-

scal year, on steady sales of

antibiotic and new tonic

drinks.

The company estimates a

decline in pre-tax profits for

the current financial year, to

Y24.5bn, down 5.6 per cent due

to a projected softening of the

tonic drink market. Net profits

are expected to Y20.6m, down

6.6 per cent, on sales of

Y20.6m, up 1.9 per cent on the

year.

Reduced domestic demand squeezes margins at Toray

By Robert Thomson in Tokyo

TORAY Industries, the leading Japanese maker of synthetic fibres, reported a 6.6 per cent fall, to Y48.2bn (\$434.23m), in pre-tax profit for the year to end-March. The result reflects

reduced domestic demand, which led to increased price

competition and smaller mar-

gins in most sectors.

Sales for the year were down

3.2 per cent to Y560bn, with a

5.8 per cent decline in fibres

and textiles and a 5.5 per cent

fall in plastics and chemicals.

However, new products and

other businesses, including

materials used in sporting

goods and pharmaceuticals,

surged 20.6 per cent.

Sluggish demand for con-

sumer electronics in Japan was

partly responsible for the fall

in plastics and chemicals sales,

while intensified competition

in the polyester film market

reduced the company's over-

seas margins.

Consolidated sales slipped a

marginally 0.6 per cent to

Y50.5bn, while net profit was

down 3.1 per cent, as demand

was forecast to slip to Y46.5m.

Sales increased 7.3 per cent

to Y20.6m against the last fi-

scal year, on steady sales of

antibiotic and new tonic

drinks.

The company estimates a

decline in pre-tax profits for

the current financial year, to

Y24.5bn, down 5.6 per cent due

to a projected softening of the

tonic drink market. Net profits

are expected to Y20.6m, down

6.6 per cent, on sales of

Y20.6m, up 1.9 per cent on the

year.

Asset sales boost profit at NZ lingerie maker

By Terry Hall in Wellington

Directors said both these activities were well placed in the international market with high cash-flows and export growth potential.

During the year, Ceramco sold its interests in Steel and Tube Holdings, realising \$A83.5m, a surplus of \$A28.5m over the written-down book value. It also eliminated all debt from the balance sheet and had \$A24.5m in cash on deposit at the year's end.

It had also repaid to shareholders half the company's paid-up capital, or \$A24.5m, and cancelled 45.4m shares. Operating revenue was \$A163m, compared with \$A133m.

The results include trading profits of NZ\$851,000 from the sale of two subsidiaries outside of its key interest of clothing and exporting china clays.

■ Foster's executives expect to invest about US\$140m by the end of this century in a network of breweries in China.

Foster's expects China to displace the US as the world's biggest beer market by the end of the century.

The Guangdong brewery, at Dousen near the Portuguese enclave of Macao, will be

upgraded, and a second brewery built later. Carlton and United Breweries expects to be producing 300m litres a year at the Princess Brewery within five years, compared with present production of 35m litres.

On Tuesday, CUB agreed a joint venture with the state-owned Princess Brewery in Guangdong province, south China.

Foster's executives expect to invest about US\$140m by the end of this century in a network of breweries in China.

Foster's expects China to displace the US as the world's biggest beer market by the end of the century.

The Guangdong brewery, at Dousen near the Portuguese enclave of Macao, will be

upgraded, and a second brewery built later. Carlton and United Breweries expects to be producing 300m litres a year at the Princess Brewery within five years, compared with present production of 35m litres.

On Tuesday, CUB agreed a joint venture with the state-owned Princess Brewery in Guangdong province, south China.

Foster's executives expect to invest about US\$140m by the end of this century in a network of breweries in China.

Foster's expects China to displace the US as the world's biggest beer market by the end of the century.

INTERNATIONAL CAPITAL MARKETS

Gilts shrug off decline in jobless figures

By Jane Fuller in London and Patrick Harverson in New York

THE UK government bond market was not too perturbed about the possible implications for inflation of the continued fall in unemployment. Losses across the yield curve were small yesterday.

The surprise of a third month's decline in the jobless figures did raise fears of impending pay pressure. Signs of anxiety about inflation showed through in gains in the longer-dated index-linked stock.

GOVERNMENT BONDS

However, a decline from 4.5 per cent to 4 per cent in the annual rate of wage increases assuaged some of the concern, as did continued hopes of a historically-low advance in the retail prices index, to be announced today. Another cushion against inflation fears was provided by sterling, which strengthened to more than DM2.51.

The background remained cautious before next week's auction.

■ A HALF-POINT cut in interest rates by the Bank of Italy, reducing the discount rate to

FT FIXED INTEREST INDICES									
	May 20	May 19	May 18	May 17	May 14	May 13	Year ago	High	Low
GiltSocx (M)	94.89	94.90	94.96	94.43	94.71	93.48	93.04	93.26	
FTSE 100	111.25	111.07	110.98	110.67	110.38	105.16	113.83	108.67	
Stocks & Bonds	111.25	111.07	110.98	110.67	110.38	105.16	113.83	108.67	
FTSE 100, Government Securities 15/4/93/95/97/99/2000	111.25	111.07	110.98	110.67	110.38	105.16	113.83	108.67	
FTSE 100, Government Securities 15/4/93/95/97/99/2000, low 48.75/50, high 48.75/50, 15/4/93/95/97/99/2000	111.25	111.07	110.98	110.67	110.38	105.16	113.83	108.67	
FTSE 100, Government Securities 15/4/93/95/97/99/2000, high 48.75/50, low 48.53/49/75/98	111.25	111.07	110.98	110.67	110.38	105.16	113.83	108.67	
GILT EDGED ACTIVITY									
Indices	May 19	May 18	May 17	May 14	May 13				
FTS Gilt Edged Bonds	100.0	125.9	98.3	92.4	88.8				
5-day average	100.5	102.2	97.3	97.5	101.3				
5-day activity indices revised 1973									

10.5 per cent, sparked a late rally in government bonds, with the BTP futures contract gaining about 4 point.

The cut came a day earlier than expected and confirmed the easing made possible by increased confidence in the lira.

Among the high yielders, Spain was hit by profit-taking. Worst affected was the five-year area, where a spate of buying had exaggerated the "U" in the yield curve, leading to the correction.

■ JAPANESE government bonds opened on a stronger note, helped by the yen's buoyancy against the dollar and by a recovery in US Treasuries.

Prices also steadied after the Bank of Japan squashed residual speculation about a rise in interest rates.

However, there was little to give real impetus to the bond

market, which has started to look to next week's auction.

The No 145 5.5 per cent bond due 2002 opened in Tokyo on a yield of 4.625 per cent, compared with the previous evening's 4.685 per cent. It closed at 4.63 per cent. The September futures contract opened 20 basis points higher at 106.28, and closed at the same level.

■ AUSTRALIAN government bonds firmed as currency regained some ground against the US dollar.

The decline in the Australian dollar to less than 70 cents had been bad news for the market because it wiped out hopes of an imminent cut in interest rates. A half-point cut had been built into the short end of the market and the resultant sell-off in that area had flattened the yield curve by as much as 25 basis points.

BENCHMARK GOVERNMENT BONDS

	Red	Coupon	Date	Price	Change	Yield	Week	Month	Year
AUSTRALIA	5.000	06/93	115.7074	-0.457	7.54	7.48	7.52		
BELGIUM	8.000	03/93	110.8000		7.41	7.42	7.42		
CANADA	7.250	04/93	104.4000	-0.750	7.82	7.84	7.81		
DENMARK	8.000	05/93	103.9500	-	7.47	7.55	7.67		
FRANCE	8.000	06/93	105.8271	-0.003	6.61	6.60	6.68		
GERMANY	8.75	04/93	105.1500	-0.020	6.88	6.72	6.80		
ITALY	11.500	03/93	95.7550	-0.130	12.21	12.50	13.10		
JAPAN	No 119	4.500	95.0958	100.9032	-0.098	4.61	4.28	4.17	
No 145	5.500	03/92	105.5977	-0.164	4.61	4.51	4.22		
NETHERLANDS	7.000	02/93	102.2500		8.67	8.57	8.52		
SPAIN	10.300	05/93	95.0225	-1.019	11.18	11.33	11.52		
UK GILTS	7.250	03/98	106.18		7.10	7.08	6.94		
7.500	03/98	106.18			7.04	7.02	6.90		
8.000	10/98	106.21			8.45	8.47	8.37		
US TREASURY	8.500	02/93	101.0293	-0.0292	6.07	6.11	5.67		
7.125	02/93	101.027	-0.0272		6.98	6.93	6.75		
ECU (French Govt)	8.000	04/93	103.7000	-0.2000	7.48	7.58	7.59		

London closing, London New York morning session. Yields: Local market standard. ^a Gross annual yield (including withholding tax at 12.5 per cent by non-residents). ^b Technical Data/MATLAS Price Source

^c Gross annual yield (including withholding tax at 12.5 per cent by non-residents). ^d Technical Data/MATLAS Price Source

Latin American corporate bond fund to be launched

By Jane Fuller

TAKING advantage of the increasing flow of Eurobond issues from Latin America, a new dollar-denominated corporate bond fund is being launched with an initial size of \$50m to \$100m.

The Latin American Corporate Bond Fund will invest in companies which are "market leaders with first-rate balance sheets, but the wrong address," according to Mr Andrew Twiston Davies of Latin American Securities, advisers to the fund.

Mr Twiston Davies said the yield spread on the new fund was expected to be more than 400 basis points over five-year US Treasuries, giving a term of about 10 years.

The Latin American Corporate Bond Fund will invest in companies which are "market leaders with first-rate balance sheets, but the wrong address," according to Mr Andrew Twiston Davies of Latin American Securities, advisers to the fund.

Mr Twiston Davies said the yield spread on the new fund was expected to be more than 400 basis points over five-year US Treasuries, giving a term of about 10 years.

There was also scope for capital gains as Latin American countries and companies were re-rated.

Among Latin American corporate bonds, some Mexican issues have yield spreads of less than 400 basis points, while the better Brazilian ones range from 450 to 500 basis points, according to one expert on the region.

Last year, Latin American borrowers tapped the Eurobond market with about 90 issues, raising nearly \$10bn. Well over 100 issues are expected to be made this year, raising up to 30 per cent more.

Moody's assigns B2 rating to Kloster Cruise secured notes

By Karen Fossli in Oslo

Investors stayed mostly quiet yesterday. If anything, the market's mood remained on the bullish side, buoyed by two sets of data.

First, the news that state unemployment claims rose 7,000 in the second week of May reinforced the view that labour market conditions remain weak. Second, the Philadelphia Federal Reserve's index of local business activity showed a sharp decline in May, further evidence that economic conditions throughout the US remain uncertain.

After Wednesday's remarkable late rally, when the long bond bounced back from early losses to end sharply higher, dealers and

heavy debt-service burden had created a liquidity crisis within Kloster, the third-largest cruise operator in the world.

"The company was in violation of covenants under its key bank agreement and auditors expressed doubt about its ability to continue as an ongoing concern," but doubt was removed, Moody's said by the financial restructuring.

The coupon was set at 13 per cent and the notes were placed with a group of "qualified" institutional investors, and secured against mortgages on two of the company's 12-strong cruise fleet.

The appraised value of the ships - \$360m in aggregate - provided only a slim cushion of asset coverage, according to Moody's.

Moody's said a decline in earnings combined with a

Matsushita to borrow Y200bn

MATSUSHITA Electric Industrial, a leading manufacturer of electronic goods in Japan, plans to issue Y200bn (\$1.8bn) of straight corporate bonds next quarter, the company announced yesterday, AP-JI reports from Tokyo.

The company said it had not determined terms and conditions for the borrowing,

equity market and because bank finance is more expensive.

■ Alcatel Alsthom, the Paris-based telecommunications and transport group, said a \$600m domestic commercial paper programme would go towards working capital used throughout the Asia-Pacific region, Reuter reports from Sydney.

MARKET STATISTICS**RISES AND FALLS YESTERDAY**

FALLS

PATS

CALLS

PUTS

COMPANY NEWS: UK

Pru helped by accruals accounting

By Norma Cohen,
Investments Correspondent

PRUDENTIAL Corporation, Britain's largest life assurance company, yesterday reported that under the new proposed "accruals" basis of accounting for profits, its 1992 earnings rose 9 per cent to £807m.

The Pru had earlier reported profits for the same period using the so-called embedded value method of accounting, which is currently the industry standard.

That method however has been criticised by securities analysts as flawed because it does not recognise profits or losses from insurance policies until they mature. Under accruals accounting, profits are much more closely related to ongoing activities.

So far, the Pru is the only big UK insurer to have reported results on an accruals basis.

The Association of British Insurers, after a two-year study, had asked the industry to begin experimenting with the method. Earnings were somewhat lower than analysts

had anticipated, reflecting somewhat worse than expected continuous disability business in its M&G reinsurance arm. However, analysts noted that the effects of reorganisation in Prudential's UK life assurance businesses, which has absorbed £180m in costs, has produced unexpected cost savings which will be reflected in the 1993 statutory profits.

Profits on new business rose 30 per cent to £226m, largely on sales of single premium products and the so-called prudent bond in particular. But profits on business in force fell sharply from £53m to £36m, partly reflecting reduced investment returns in Australia and Canada.

Meanwhile, it emerged that a leading shareholders group, Pensions Investment Research Council, has sharply criticised the Pru for failing to follow best practice in corporate governance. The Pru is one of the UK's largest shareholders and its chief executive, Mr Mick Newmark, has been outspoken on matters of board behaviour.

A WAR of attrition is being fought in the UK beer market: a series of sporadic, intensive, skirmishes between national brewers intent on gaining or defending market share.

None of the participants so far has gained much ground; all are beginning to show the cost of their efforts.

Bass, the UK's leading brewer, this week reported that it had advanced its market share by 0.2 percentage points in six months, while its profit margin had fallen from 5.7 per cent to 8.3 per cent.

The aggression is likely to continue for some time, as market conditions have rarely been better for winning share or for losing it.

Government orders which forced the national brewers to free about 11,000 pubs - about 10 per cent of the total - from exclusive beer supplies have opened opportunities for competitors to move into outlets from which they were previously excluded.

The free trade will expand further. The proportion of beer sold through the brewers' tied pubs is forecast to decline from 44 per cent of the total in 1989 to about 20 per cent by the end of the decade.

At the same time, take-home trade volume - beer sold

through supermarkets and off-licences - is expected to grow from 18 per cent of the total market to 30 per cent.

Against a background in which total beer consumption is set to fall by about 5 per cent during the 1990s, largely because of demographic changes, the national brewers have been forced to sharpen their competitive edge.

With the loss of much of the assured, high-margin flow of sales through their own pubs, they must now battle to capture outlets controlled by new pub retailing companies and multiple grocers, by individual licensees and liquor stores.

The initial response to this prospect saw Courage seek to strengthen its position by acquiring Grand Metropolitan's breweries and beer brands, and Allied-Lyons merge its brewing operations with Carlsberg in Carlsberg-Tetley.

Like GrandMet, regional brewers Greene King, Boddington and Devenish quit the industry to become retailers.

Since these dispositions, the struggle for market share has been fought with a variety of weapons: discounts, supply agreements, loan ties, and increased marketing.

Courage, despite its denials, is widely regarded as the most

aggressive price-cutter. As its outlets in the GrandMet and imprenter pub estates are freed over the next four years, it may be left at a disadvantage with rivals who each retain several thousand pubs.

That prospect, says one analyst, has led to "erratic and sometimes frantic" discounting to gain a more secure position.

But, whoever may have started the latest campaign, discounting is, and has long been, a weapon in the armoury of all the other brewers - Allied, Bass, Whitbread and Scottish & Newcastle.

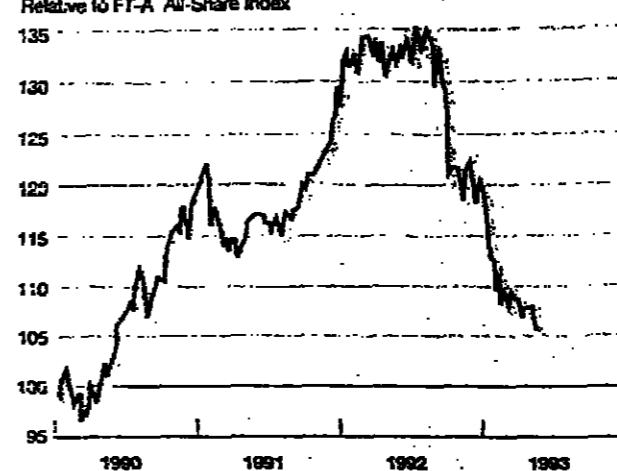
In the competition to supply some of the biggest pub companies - where increased volumes may compensate for lower prices - discounts have risen to about £50 a barrel, or about half the list price. The signs are that discounting, though on a lesser scale, is spreading to other areas of the free trade.

The key question is how far the brewers will be prepared to go, and for how long.

Mr Martin Hawkins, analyst at Nikko Securities, says: "It does not make commercial sense for the national brewers to have maintained a high level of capital investment in restructuring brewing and distribution operations if it is accepted that the overall

FT-A Brewers & Distillers Index

Relative to FT-A All-Share Index



Source: Datamonitor

return will continue to diminish.

A committed volume-oriented strategy can ultimately only be successful through bankrupting the competition and running the risk of bankrupting oneself. It is in no one's interests to discount so aggressively for a protracted period that the major players go broke in the process."

Brewers, facing equal pressures on margins in the expanding take-home market, are well aware of the dangers.

Some of the pressure has been eased by cost benefits from the closure of breweries and other rationalisation measures. But there is still substantial overcapacity in the industry.

It would take the closure of another brewery by each of the nationals to remove it, says Mr Roy Moss, chairman of Carlsberg-Tetley.

It seems more likely that weaker regional brewers could be forced out of the industry first.

However, brewers are already finding that discounting alone is not enough to secure more volume.

It is significant that the price war so far has been confined to standard lagers and keg ales and even there the better-known brands have had to concede less.

All the brewers' leading brands - Whitbread's Boddington and Stella Artois; Bass's Carling Black Label and Worthington; Allied's Tetley and Castlemeade, have increased volume without price cuts.

Such brand portfolios, backed by a supporting package that combines value for money, and quality of service including loans, long-term agreements, and promotional and business support, hold increasing attraction for retailers.

Provision of such packages does not come cheap but free trade debts have cost Whitbread £37m. Allied's bad debt charges were £17m last year and Bass's provisions nearly doubled to £19m in its first half.

But the costs do not have quite the unnerving effect on investors as the prospects of a full-scale price war. That consideration may help to restrain the present hostilities.

Reduced write-downs cut Westbury loss

By Catherine Milton

WESTBURY, the Cheltenham-based housebuilder, saw pre-tax losses contract to £2.18m in the year to February 28 against losses of £1.9m.

The company said it was "cautiously optimistic", reporting in the first 11 weeks of this financial year a 15 per cent increase

in site visitors and a 20 per cent increase in reservations compared with a strong performance at the same time last year. The losses followed exceptional charges of £7.3m (£15.8m), including a £5.6m write-down on the land bank bringing the total in land bank write-downs to £32m over three years. There was also a £700,000 provision

against losses in associated companies and the projected shortfall in the cost of completing a joint venture. The company also provided £1m against outstanding home loans made as part of incentive packages.

Turnover was £133m (£132m). Losses per share were 0.3p (17.4p) and a final dividend of 3.25p (5.75p) gives a total for the year of 5p (9p).

THE AGRICULTURAL MORTGAGE CORPORATION PLC

NOTICE

to the holders of the outstanding £100,000,000 11 3/8 per cent Notes 1996

of

THE AGRICULTURAL MORTGAGE CORPORATION PLC

(the "Noteholders", the "Notes" and the "Issuer" respectively)

Investigation, but Mr Nazmu Virani, its former chairman and chief executive, was arrested in March last year in connection with BCCI. Since July last year the group has been operating under a series of 30-day standstill agreements which would enable its shares to resume trading by the end of July.

The proposals, which will be subject to shareholder and bondholder approval, are designed to provide the group with what Mr John Kerslake, finance director, described as "a one year breathing space," while it embarks on a new business plan aimed at reducing gearing and strengthening the balance sheet by converting debt into equity.

Control's shares have been suspended at 16 1/2p since October 1991, when the group's offices were raided by the Serious Fraud Office in connection with the investigation into the Bank of Credit and Commerce International.

By Paul Taylor

CONTROL SECURITIES, the leisure property, pubs and brewing group, announced agreement in principle with its major creditors yesterday on restructuring proposals which would enable its shares to resume trading by the end of July.

The proposals, which will be subject to shareholder and bondholder approval, are designed to provide the group with what Mr John Kerslake, finance director, described as "a one year breathing space," while it embarks on a new business plan aimed at reducing gearing and strengthening the balance sheet by converting debt into equity.

Sales were 5 per cent ahead at £49.5m (£4.7m). After preference dividends losses per share were 0.26p (0.43p).

Mr Christopher Burnett, chairman, said Goldsborough's performance had encouraged the joint owners to aim for a flotation within the next 12 months.

The group was not under

investigation, but Mr Nazmu Virani, its former chairman and chief executive, was arrested in March last year in connection with BCCI. Since July last year the group has been operating under a series of 30-day standstill agreements which would enable its shares to resume trading by the end of July.

The proposals, which will be subject to shareholder and bondholder approval, are designed to provide the group with what Mr John Kerslake, finance director, described as "a one year breathing space," while it embarks on a new business plan aimed at reducing gearing and strengthening the balance sheet by converting debt into equity.

The asset sale would include the group's mixed property portfolio which, it is hoped, would be largely sold by mid-1995, the group's UK and Spanish hotel operations and the Belhaven brewery in Scotland and 61 Scottish pubs.

In addition the group's Swiss franc bondholders will be offered a mixture of new 8% per cent deferred interest bonds and cumulative convert-

France and nursing homes boost Kunick

KUNICK, the leisure group, reported pre-tax profits of £2.06m for the six months to March 31, a 29 per cent increase on the comparable pre-forma profits of £1.5m. There was a significantly improved performance in France and a turnaround in the UK nursing homes, writes Peggy Hollinger.

Last year it sold 50 per cent of Goldsborough Holdings, its UK nursing home business to County NatWest Ventures. The results assume that the business had been a 50 per cent associate throughout both periods.

Sales were 5 per cent ahead at £49.5m (£4.7m). After preference dividends losses per share were 0.26p (0.43p).

Mr Christopher Burnett, chairman, said Goldsborough's performance had encouraged the joint owners to aim for a flotation within the next 12 months.

The centerpiece of the proposals is a new business plan under which the bulk of the group's assets would be sold in a "controlled programme of disposals" with the proceeds being used to repay the group's £138m pub debt in full.

The asset sale would include the group's mixed property portfolio which, it is hoped, would be largely sold by mid-1995, the group's UK and Spanish hotel operations and the Belhaven brewery in Scotland and 61 Scottish pubs.

Presenting the proposals, Mr Kerslake emphasised that there were substantial risks inherent within the restructuring proposals, but the board believes they represent the only practicable means for the group to continue to trade.

The estate currently comprises 583 tenanted pubs across the country. Under the plan a streamlined initial core of 150 English pubs would be kept.

Mr Kerslake emphasised that there were substantial risks inherent within the restructuring proposals, but the board believes they represent the only practicable means for the group to continue to trade.

The group's Swiss franc bondholders will be offered a mixture of new 8% per cent deferred interest bonds and cumulative convert-

Do you deal in Foreign Exchange?

Read
THE BANKER

on sale now £4.00.
For subscription details:
tel: +44 71 202 2006
fax: +44 71 242 2439

FINANCIAL TIMES MAGAZINES

Control agrees with creditors

By Paul Taylor

CONTROL SECURITIES, the debt-laden property, pubs and brewing group, announced agreement in principle with its major creditors yesterday on restructuring proposals which would enable its shares to resume trading by the end of July.

The proposals, which will be subject to shareholder and bondholder approval, are designed to provide the group with what Mr John Kerslake, finance director, described as "a one year breathing space," while it embarks on a new business plan aimed at reducing gearing and strengthening the balance sheet by converting debt into equity.

Sales were 5 per cent ahead at £49.5m (£4.7m). After preference dividends losses per share were 0.26p (0.43p).

Mr Christopher Burnett, chairman, said Goldsborough's performance had encouraged the joint owners to aim for a flotation within the next 12 months.

The centerpiece of the proposals is a new business plan under which the bulk of the group's assets would be sold in a "controlled programme of disposals" with the proceeds being used to repay the group's £138m pub debt in full.

The asset sale would include the group's mixed property portfolio which, it is hoped, would be largely sold by mid-1995, the group's UK and Spanish hotel operations and the Belhaven brewery in Scotland and 61 Scottish pubs.

Presenting the proposals, Mr Kerslake emphasised that there were substantial risks inherent within the restructuring proposals, but the board believes they represent the only practicable means for the group to continue to trade.

The group's Swiss franc bondholders will be offered a mixture of new 8% per cent deferred interest bonds and cumulative convert-

Do you deal in Foreign Exchange?

Read
THE BANKER

on sale now £4.00.
For subscription details:
tel: +44 71 202 2006
fax: +44 71 242 2439

FINANCIAL TIMES MAGAZINES

Do you deal in Foreign Exchange?

Read
THE BANKER

on sale now £4.00.
For subscription details:
tel: +44 71 202 2006
fax: +44 71 242 2439

FINANCIAL TIMES MAGAZINES

Do you deal in Foreign Exchange?

Read
THE BANKER

on sale now £4.00.
For subscription details:
tel: +44 71 202 2006
fax: +44 71 242 2439

FINANCIAL TIMES MAGAZINES

Do you deal in Foreign Exchange?

Read
THE BANKER

on sale now £4.00.
For subscription details:
tel: +44 71 202 2006
fax: +44 71 242 2439

FINANCIAL TIMES MAGAZINES

Do you deal in Foreign Exchange?

Read
THE BANKER

EC directive requires disclosure of hidden reserves for the first time

Gerrard & National rises 61%

By Robert Peston,
Banking Editor

GERRARD & NATIONAL, the financial group which owns one of the City of London's leading discount houses, yesterday made a full disclosure of its profits and reserves for the first time in its 127-year history.

Following the implementation of the European Community's second banking directive, Gerrard has ended the practice of making transfers of undisclosed sums to and from hidden reserves.

On the new accounting basis of making full disclosure, Gerrard made pre-tax profits of £25.2m in the year to April 5, a rise of 61 per cent on a restated £15.7m.

It also disclosed that it had £6.1m in hidden inner reserves, which have now been transferred to published reserves. On this new basis, published shareholders' funds totalled £103m at the year end.

Gerrard's business is divided into two parts, a trading division, which acts as a principal in securities and money markets, and a broking division, which is an agent in the same markets.

The trading division made



Brian Williamson: withdrawal from ERM had benefited the group

pre-tax profits of £11.3m, a rise of 74 per cent, while the broking division made £13.9m, 53 per cent higher.

Mr Brian Williamson, chairman, said the group was a substantial beneficiary from the trading activity generated by the UK's withdrawal from the Exchange Rate Mechanism last autumn and the subsequent falls in UK interest rates.

The dividend for the year is being increased from 21p to

the group's discount house which is part of the trading division, made pre-tax profits of £2m, up from £3m. Discount houses are traders in short-term money market instruments such as bills of exchange, and have the privilege of being able to trade directly with the Bank of England.

The dividend for the year is being increased from 21p to

21.5p, an increase of 2.4 per cent on 1992. Earnings per share were 35p, up from 24.5p.

Mr Williamson said the small dividend increase was justified by Gerrard's record of always increasing the dividend, even during more difficult trading conditions, ever since the group took its modern form in 1989 with the merger of two discount houses, Gerrard & Reid and the National Discount Company.

He pointed out that the group had diversified its interests substantially over the past few years. As a result, earnings from non-discount interests last year contributed 90 per cent of the cost of the group's dividend, compared with 20 per cent four years ago.

King & Shaxson, another discount house group, also disclosed yesterday that it more than doubled profits in the year to April 30. Profits before exceptional items but after providing for rebate and taxation were £2.1m, up from £920,000.

The full year dividend proposed by the group is 9p, up from 5p.

The consolidated profit and loss account for the year includes the results of Smith St Aubyn, a discount house owned by King & Shaxson.

French Connection returns to the black

By Peter Pearce

AFTER a plunge to losses of £5m last year, French Connection, the USM-quoted clothing wholesaler and retailer which is 80 per cent owned by Mr Stephen Marks, scraped back into the black with £102,000 pre-tax in the year to January 31.

Mr George Wardale, chairman, pointed out that second-half profits were £637,000, a position with which he said he could be "cautiously positive."

Operating profits emerged at £2.4m (losses £3.94m). The year saw further ration-

alisation and reorganisation of the group. This restructuring followed the management changes, and the consequent shifts in activity, of a year ago.

Exceptional costs of £1.32m (£2.93m) included some £800,000 for the closure or disposal of seven French Connection concessions. There are now 31 outlets in the UK and eight in the US.

Mr Wardale said that, all things remaining equal, the rationalisation of the retail business was complete. The £500,000 balance in the exceptional was for the closure of the warehouse in France and

professional fees connected with the group refinancing.

These moves were part of the concentration on the core - made up of the brands and outlets of French Connection and Nicole Farhi.

Although sales in French Connection Wholesale declined £2m to £10.3m operating losses were cut to £1.1m (£2.8m).

Nicole Farhi Wholesale lifted sales to £6.8m (£5.4m) and, with improved margins, made profits of £1.6m (losses £300,000).

Retail sales grew £200,000 to £13.6m and losses shrank to £200,000 (£300,000).

POLAND

The FT proposes to publish this survey on

June 17 1993

It will be seen by leading international businessmen in 160 countries worldwide.

If you would like to promote your company's activities to this important audience, please contact:

Patricia Surridge

in London

Tel: (071) 873 3426

Fax: (071) 873 3428

or

Nina Kowalewska

in Warsaw

Tel: (22) 48 97 87

Fax: (22) 48 97 87

FT SURVEYS

HOW DO YOU
PINPOINT
THE BUSINESS
INFORMATION
YOU NEED
IN SECONDS?

To find out more about FT PROFILE and how it can help you pinpoint the business information you need, simply fill in the coupon or phone the number below.

TELEPHONE 0932 761444

Name	Job Title	Company	Address	Postcode
Telephone				
Nature of business				
<input type="checkbox"/> under 50 <input type="checkbox"/> 50 to 100 <input type="checkbox"/> over 100 <input type="checkbox"/> I already use online <input type="checkbox"/> Yes <input type="checkbox"/> No				
Post to FT PROFILE, PO Box 12, Subsidiary of Times Themed Magazines, Times T102, Telephone 0932 761444				

FT PROFILE
BUSINESS INFORMATION

Part of THE FINANCIAL TIMES GROUP

SmithKline alliance with genes company

By Clive Cookson,
Science Editor

SMITHKLINE Beecham, the Anglo-American pharmaceutical group, is setting up a wide-ranging strategic alliance with Human Genome Sciences, one of the new wave of US companies set up to identify the structure and function of human genes in health and disease.

The goal is to convert genetic discoveries into new drugs and diagnostic products. By the nature of pharmaceutical research, these are unlikely to reach the market for several years.

The companies refused to disclose any financial details, but SB will have to spend tens of millions of pounds on R&D if the collaboration is to lead to significant new products.

Dr George Poste, SB's pharmaceutical R&D chairman, said the work would lead to new drugs and vaccines and also to accurate molecular tests for the early detection of disease, including the identification of people at risk before any symptoms have appeared.

Improvement at Martin Currie

Net asset value per share of the Martin Currie European Investment Trust stood at 92.5p at the April 30 year end, against 82.6p six months earlier and 85.5p a year ago.

Net revenue for the 12 months grew from £121,000 to £152,000. Earnings per share improved to 0.66p (0.53p) and a final dividend of 0.29p (0.2p) is recommended.

Inveresk valued at £79m in 150p share offer

By James Buxton, Scottish Correspondent

INVERESK, the Scotland-based specialty paper maker, is valued at £78.8m in a placing and intermediaries offer launched yesterday, with shares being issued at 150p.

The company, which was bought out by its management from Georgia-Pacific in 1990, is going public in order to expand and, over time, to make acquisitions.

It operates four mills, three in eastern Scotland and one in Somerset, making specialty types of paper.

The offer will raise £32.1m. Of this £7.8m will be used to pay off preference shares and outstanding borrowing, leaving about £2m to help finance future expansion.

After the issue Inveresk will be without debt and will have unutilised borrowing facilities of £20m.

On the basis of historic earnings per share of 11.5p for the year to November 28 1992, the offer values the company at 13 times earnings. Notional net dividend per share last year was 8p, producing a yield of 4.2 per cent.

Of the 22.8m shares being issued, some 14.7m are being placed with institutions and 7.9m are offered to directors, employees and intermediaries.

Directors are retaining 85 per cent of their holdings and, with employees, will own 26 per cent of the company after the issue.

Existing institutional shareholders will own 23 per cent.

COMMENT

Inveresk is floating without a profits forecast and with an operating profit line that does not soar upwards. But that is good by the standards of the paper industry over the last three years. As an MBO company it paid off its debt rapidly and invested in plant improve-

ments. Having recently extri-

cated itself from high volume,

commodity sectors of the paper

market, it is purely a niche

operator with a broad spread of

products and customers. Pulp

represents only 30 per cent of

total costs. It now has a low

cost base and enjoys opera-

tional gearing in spare capaci-

ty to take advantage of the

economic upturn in the UK.

Management is experienced,

though not necessarily in mak-

ing acquisitions, which it

intends to do. Opinion is

divided on whether Inveresk

will itself be taken over, but

that is not its intention. The

placing has proved popular

with institutions looking for a

stock which will benefit from

this stage of the cycle and allo-

cations have been much

smaller than those asked for.

The issue is fairly priced at a

modest discount to the market

on a historic p/e ratio of 13,

which could easily go to 15

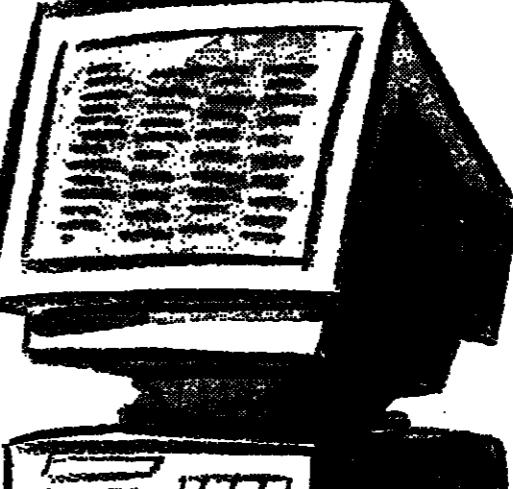
when trading begins.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Cores - pending dividend	Total for year	Total last year
Airflow Stream	fin 2	July 19	0.1	3	0.1
Chesterfield	fin 7.5	July 10	11.5	11	18.5
Drayton B'Chip	fin 5.485	July 9	5.485	8.4	8.4
Drayton Eng &	fin 0.6	July 15	0.6	1.2	1.2
Ferguson Int'l	fin 8.25	July 6	8.25	12.5	12.5
Gerrard & Nat'l	fin 15.5	July 1	15	21.5	21
King & Shaxson	fin 0.5	June 25	0.5	5	5
Marine Currie	fin 0.29	Aug 12	0.2	0.29	0.2
Merchant Retail	fin 0.750	-	nil	1.1	1.1
Mezzanine Cap	fin 7.25	-	7.25	13.75	14.5
New Throgmorton	fin 2.25	July 30	2.25	8.75	8.75
River & Merc	fin 2.25	July 6	2.25	-	9.2
Scottish Power	fin 7.43	Oct 1	8.75	11.15	10.13
South'n Business	fin 1.27	Aug 12	1.15	-	3.38
Southern Radio	fin 0.3	July 23	nil	-	0.7840
Starhouse	fin 0.2	July 12	0.2	0.3	0.3
Throg' Dual Tst	fin 1.75	July 30	1.75	5	7
Warner Estates	fin 3.65	July 12	3.5	-	10.5
Westbury	fin 3.25	July 16	5.75	5	9

Dividends shown pence per share net except where otherwise stated. ↑On increased capital. SUSM stock. ↑Third interim.

The site you're looking for is probably in our land bank.



FINANCIAL REGULATION REPORT

FINANCIAL REGULATION REPORT is a monthly service from the Financial Times. It provides subscribers with up-to-date and thorough information on worldwide regulatory developments and their implications for the financial services industry.

Written by professional experts, FT-Financial Regulation Report:

- describes and summarizes new regulations and legislation;
- explains authoritatively but intelligently the meaning and purpose of new regulations, putting them in their international context;
- comments on the implications for the markets concerned - whether short- or medium-term credit, long-term debt, equities or derivatives. The vital question of the competitive position of market players is regularly addressed. With increasing market stresses and the accelerating pace of regulatory change it is simply not safe policy to be underinformed.

To receive a FREE sample copy contact:

Clare Borrell,
Financial Times Newsletters,
126 Jermyn Street,
London SW1Y 4UJ, England.
Tel: (+44 71) 411 4414
Fax: (+44 71) 411 4415

FINANCIAL TIMES
NEWSLETTERS

UNILEVER N.V.

DIVIDEND ON DUTCH CERTIFICATES OF FI 1,000, FI 100, FI 20 and FI 4 FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR

Final dividend payments of FI 4.30 per FI 4 ordinary capital in respect of the year 1992 will be made on or after 21st May 1993 against surrender of Coupon No 12. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Securities Services ("Midland") at 126 Jermyn Street, London SW1Y 4UJ, England, to whom payment may be made in the usual form, obtainable from the Bank, which will require a declaration that the certificates do not belong to a Netherlands resident.

DUTCH DIVIDEND TAX: relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will generally be liable to Dutch dividend tax at only 15% provided the appropriate Dutch exemption form is submitted and required from UK residents holding "K" certificates if the dividends are claimed from Midland. Non-residents are directly liable for the tax on dividends received through a permanent establishment in the Netherlands. Dutch dividend tax at 25% will be deducted and will be allowed as credit against Dutch tax payable on the profits of the establishment. Dutch dividend tax on the dividends FI 1.078 at 25% and FI 0.545 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convenient bank account with a bank or broker in the Netherlands.

UK INCOME TAX: at the reduced rate of 5%, on the gross amount will be deducted from payments made to UK residents instead of at the lower rate of 20%. This represents a tax on dividends received credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Ireland Revenue and Customs tax return in the UK.

A description of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and information on how to do this, can be obtained from Midland at the address below.

N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR
London Transfer Office, Midland Securities Services, Client Delivery,
Stock Exchange Services, SU400 House, 5 Laurence Pountney Hill,
London EC4R 0EU

30th May 1993

The above announcement is the same as that published on 5th May 1993 except that the information given in respect of UK Income Tax has been amended.

Notice of Interest Payment To Extended Term Debenture Holders

Kmart (Australia) Finance Limited

Extended Term Debentures due 2002

Shawmut Bank Connecticut, National Association as Trustee for Kmart (Australia) Finance Limited Extended Term Debentures due 2002 under an Indenture dated as of July 1, 1976 between Kmart (Australia) Finance Limited and Shawmut Bank Connecticut, National Association hereby confirms the following.

For the Period to June 30, 1994,
1. The Minimum Redemption Price per \$1,000 principal amount
of Extended Term Debentures is \$365.82.

2. The current amount outstanding of the Extended Term Debentures is their face value, \$1,000, \$10,000 and \$100,000, respectively.

3. The interest payable on July 1, 1994 will be \$120.31 per \$1,000 principal amount of Extended Term Debentures.

Shawmut Bank Connecticut, National Association
as Successor Trustee to
May 31, 1993

NATIONAL WESTMINSTER BANK USA

ScottishPower

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH, 1993

Commenting on the results, Mr. C. Murray Stuart, Chairman of ScottishPower, said:

"The past year has been an extremely active and successful one for the company. The main theme has been a continual striving for better performance - the quest to improve customer services, grow our earnings and strengthen the balance sheet.

During 1992, we undertook a review of our activities and external environment with the overall objective of developing a strategy for the company that maximises shareholder value. In our core businesses, we found that we were performing well against our peer group in the United Kingdom. We can, however, do better and we aim to achieve

performance in line with best practice worldwide. Our budgets for 1993/94 have been pitched to achieve substantial progress towards those levels.

We are also aiming to prudently expand the company's interests beyond its core into other utility-related businesses which provide opportunities to create value above those available to our shareholders through their own direct investment.

We believe that in the short-term we have a basis for improving profits and dividends, whilst we position the Group to take advantage of longer-term opportunities both for growth in the core business on a sustainable basis and for creating a broader utility-based business in the future".

For further information please contact Public Affairs:
Telephone 041 637 7177
Facsimile 041 636 4655

COMPANY NEWS: UK

Funds needed for privately-financed infrastructure projects

Laing seeks £39m in placing

By Andrew Taylor,
Construction Correspondent

JOHN LAING, one of Britain's biggest construction groups, is raising £39m, part of which will be used to invest in privately-financed European infrastructure projects.

The company is a member of joint ventures bidding to construct a privately-financed road toll bridge across the Firth of Forth in Scotland and a toll bridge across the river Tagus in Lisbon, Portugal.

It is currently building a toll bridge across the river Severn, between England and Wales, in the joint venture with GTM Entrepose, the French construction group.

Laing is raising the cash through a placing and offer to shareholders of 40.2m of £4 per cent convertible cumulative preference shares. The issue is being handled by Barclays de Zoete Wedd. Shareholders are being offered 9 convertible shares at £1 each for every 20 ordinary shares held.

John Laing yesterday joined the growing number of UK housebuilders to report a sharp improvement in the housing market since the beginning of this year.

The company said that agreed sales, on which a deposit had been paid, rose significantly compared with the first four months of last year. Part of this was because of a temporary rise in sales to Housing Associations taking advantage of a government spending initiative which ended in March.

If Housing Association business was excluded, private sector sales had still risen by 20 per cent, said the company, which operates only in south-east England.

"Downward pressure on prices in the south-east has virtually ceased and the need to employ sales incentives is reducing," according to Laing which said it had seen a considerable improvement in the level of deposits taken in the first three months of 1993.

The company, which made a £11.6m pre-tax profit last year, says it needs the money to increase its involvement in private infrastructure projects.

It will also be used to expand Laing's overseas contracting business, particularly in the Far East and to expand its private housebuilding operations from south-east England, where it currently operates, into the Midlands.

Laing says it is also looking at opportunities in continental Europe through its recently formed Société Européenne de Construction joint venture with GTM Entrepose of France, NCC of Sweden and Strabag of Germany.

Laing has net cash of £34m at the end of April, but this excluded £125m of guarantees, performance bonds and letters of credit which increasingly are being sought by UK and

international construction clients.

The group said that increased demand for performance bonds and the requirement of a strong financial base to bid for private infrastructure projects had persuaded it to increase shareholders' funds through a preference issues rather than raise debt, despite its strong cash position.

Mr Martin Laing, chairman, said: "The increasing requirement for contractors to provide performance guarantees means that balance sheet strength is, and will continue to be, a securing new business."

Performance bonds of up to 10 per cent of a contract's value mean that large amounts of capital can remain tied up in jobs that have already been completed, putting increased strain on balance sheets.

A shortage of construction work in the UK meant that customers were in a much stronger position to demand performance guarantees.

Starmin offers 50% higher enhanced scrip

By Nigel Clark

STARMIN, the Guildford-based quarry products group, has joined the growing trend for proposing enhanced scrip dividends to ease the company's unrelieved advance corporation tax situation and conserve cash resources.

The scrip offer is worth 30p per 100 shares, a 50 per cent improvement on the unchanged cash dividend of 0.3p including a recommended maintained final payment of 0.2p.

Although Starmin now operates mainly in the UK the unrelieved ACT arose from the companies in the group when the Abdallah brothers bought into it in 1988 following their departure from Evered, and the operations of Starmin.

Mr Rashed Abdallah, chief executive, added that cash conservation was as important a reason as the ACT. "Although smaller companies are returning to fashion raising funds is still difficult," he said.

In the 1992 year the company reported a pre-tax loss of £8.05m, compared with profits of £1.94m. The maintenance of the dividend was based on the company's prospects, which

the board viewed with a little more confidence than at the interim stage.

In the current year there had been some signs of increased activity and a satisfactory result in the first three months. But the company warned that the recovery would be slow and difficult.

The pre-tax figure was achieved after exceptional charges of £9.21m (£524,000) relating to reorganisation and restructuring costs less earlier provisions and property sale profits.

Of the pre-exceptional profits of £1.87m (£3.38m), £2.24m (£3.35m) related to continuing operations.

Mr Abdallah said that the company had taken a cautious view of the year and was one of the reasons for the delay in publishing the results. He thought that most of the necessary actions had been taken to secure the future.

Turnover was static at £20.1m (£20m) and losses per share came out at 2.5p against earnings of 0.5p.

At the annual meeting Mr Owen Rout is being replaced as chairman by Lord Parkinson, the present deputy.

See Observer

Warner Estates declines to £3.76m at midterm

WARNER Estates reported pre-tax profits of £3.76m for the six months to March 31, compared with £4.11m restated on

a FRS 3 basis to take account of realised capital surpluses less released revaluation gains.

The main interest of the company is property investment but the pre-tax figure also included losses of £268,000 from marble and tiling activities.

Turnover was £5.41m

(£6.42m) including £1.16m (£505,000) from marble and tiling.

Rental income increased slightly and this was expected to continue as rent reviews and lettings occurred. Further restructuring has been undertaken at marble and tiling where indications for the second half were more hopeful.

Earnings per share came out at 5.43p (6.08p) and the interim dividend is raised to 3.88p (3.5p).

OGC placing and offer is oversubscribed

APPLICATIONS under the placing and offer of 12m OGC international ordinary shares have been received for a total of £20.26m, resulting in the offer being subscribed 1.7 times.

The 47 applications for 77,450 shares, which were received from eligible employees, will be allotted in full, while the 238 by eligible Fairhaven shareholders for 1.86m shares will be allotted on the following basis.

For up to 30,000 applied for in full; up to 40,000: 75 per cent; over 40,000: 65 per cent.

There were 14,003 public applications for 18.2m shares and these will be allotted on the following basis: up to 500 shares: in full; up to 600: 500; up to 700: 550; up to 800: 600; up to 900: 650; up to 1,000: 700;

between 1,500 and 5,000: 50 per cent; between 6,000 and 10,000: 45 per cent; between 15,000 and 50,000: 30 per cent; between 55,000 and 100,000: 35 per cent; between 110,000 and 300,000: 30 per cent and over 300,000 approximately 26 per cent.

Deals are expected to start on June 1.

UniChem purchase

A UniChem subsidiary, E Moss, has acquired a pharmacy in Guisborough, County Cleveland from AJ Leeming for a maximum of £540,000. The consideration consists of £315,000 cash and the balance through the issue of 96,804 UniChem ordinary shares.

COMPANY NEWS IN BRIEF

AAF INDUSTRIES said all of the 2.47m ordinary shares (53.6 per cent of the issue) which W&A Investment Corporation and a subsidiary agreed not to take up under the rights issue, have gone to institutional investors. Total number of shares taken up represented 97.6 per cent of the issue.

ACAL has acquired certain business assets from the liquidator and supplier of Transtech for about £750,000. Transtech is an exclusive distributor in Germany for international manufacturers of microwave and RF components.

ATLAS CONVERTING rights issue taken up by 98.84 per cent.

AVESCO rights issue taken up by 94.1 per cent.

BOWTHORPE is acquiring 81 per cent of United Sciences of Pittsburgh, which is in the continuous emission monitoring business. Total purchase price

will be a maximum of £14.3m (£9.27m), of which £1m will be settled in Bowthorpe shares.

BULGIN (AF) has purchased ACM (Components) for £10.000 cash. ACM distributes surface mount electronic components. In 1992 it made a loss of £49,000.

KALAMAZOO has made its first significant expansion into Europe by acquiring CBA/Nederland for £1.26m (£962,000) cash. CBA is a leading supplier of computer systems and services to the motor trade.

MILLWALL HOLDINGS rights issue taken up by 85.79 per cent.

MINSTERGATE Pre-tax profit for six months to February 28 was £723,000 (£961,000). Sales £1.49m (£1.93m); interest received £783,000 (£558,000) and loss on trading activities £83,000 (£24,000). Earnings per share 18.1p (26.42p).

OLIVER RESOURCES' offer for Aberdeen. Both are subsidiaries of Lex Service. Kirkland AS has been accepted

in respect of 94 per cent. It has been extended.

REGENT FUND Management has agreed to cut its holding in South East Asia Warrant Fund from 29.55 per cent to 19.3 per cent as the purchase of some of the shares was in breach of Takeover Panel. Regent will not vote the 159,250 shares involved at a forthcoming meeting of SE Asia shareholders, where it intends to vote against reconstruction resolutions before putting forward alternative proposals.

SEVERN TRENT has bought AM-TEK CORPORATION, a water and waste water contract operator based in Houston, Texas for \$9.9m (£6.4m).

VARDY (REG) is to acquire for £1.5m the business of Callenders Engineering, the Mercedes-Benz dealership for Glasgow, and Specialist Cars (SNC), the Fiat dealership for Aberdeen. Both are subsidiaries of Lex Service.

The net asset value per capital share was 255.3p, while

earnings per income share was 120.7p.

Achieving better performance

- Operating profit before exceptional items up by 17.2 per cent to £330 million
- Earnings per share after exceptional items up 6.3 per cent to 26.9p per share
- Dividend for year up 10.1 per cent to 11.15p per share
- Net Debt reduced to £98 million and gearing cut to 12.2 per cent

Commenting on the results, Mr. C. Murray Stuart, Chairman of ScottishPower, said:

"The past year has been an extremely active and successful one for the company. The main theme has been a continual striving for better performance - the quest to improve customer services, grow our earnings and strengthen the balance sheet.

Minister calls for an entrepreneurial approach Denton stirs debate on future of junior market

By Peggy Hollinger

THE DEBATE over the future structure of a junior market was given added impetus yesterday with a call from Baroness Denton, the minister for small companies, for a more entrepreneurial market aimed at encouraging growth in smaller companies.

Speaking to the Financial Times at the opening of the Hoare Govett Small Companies Exhibition, Baroness Denton called for a "greater sense of risk and enterprise" in any new market which might succeed the Unlisted Securities Market, due to close in 1996.

"Some people want to gamble with their investments and I would rather they gambled on industry than on horses," she said.

Referring to the Stock Exchange's role as a regulatory body, which is often quoted as one of the main obstacles to the

creation of a higher risk professional market, the minister said: "I think there is a balance which can be achieved between risk and security."

She stressed the importance of smaller companies to the UK economy. Figures published this week showed that companies with fewer than 20 employees had helped create 350,000 new jobs between 1989 and 1991. "Britain's prosperity depends on the continuing vitality of this sector," she said.

The minister is due to meet Stock Exchange representatives next month to discuss alternatives to the USM.

Proposals include the call by the lobby organisation, Cisco, for a three-tier market, including a higher risk sector aimed at professional investors. The Stock Exchange has also set up a working party on the issue, which meets for the first time next week.

The small companies exhibition, the second organised by Hoare Govett, attracted some 45 companies ranging in market value from £5m to £250m. Hoare Govett estimated that between 300 and 350 brokers, institutional investors and visitors were due to attend the exhibition in London's Barbican centre.

Mr Peter Meinertzhagen, chairman of Hoare Govett, said the recent revival in the UK smaller companies market had begun to attract international investors. Representatives from the US had attended the London exhibition.

Exhibition participants welcomed the opportunity to meet a wide range of institutions and brokers.

"We have seen a lot of fund managers we might never have met," said Mr James Wallace of Pifco Holdings. "From that point of view it is definitely worth a day out."

Southern Business shares fall after provisions warning

By Peggy Hollinger

SHARES in Southern Business Group fell by 19 per cent yesterday to 67p as the photocopier leasing company warned it would make provisions of £3m in the second half to pay for a reorganisation of existing contracts.

The company said it had decided to make fundamental changes to the way in which its contracts were marketed and administered.

Customers would be sent bills showing the amount of copies actually made, along with the volume agreed in the contracts. In many cases, because of the effects of recessions

on smaller businesses, the actual number used would be lower. Southern Business Group plans to bring its existing contracts in line with the actual number used.

"This policy will enhance the group's reputation for customer service," said Mr David McElrath, chairman. "While it will inevitably lead to an ongoing cost, the board believes the benefits . . . will significantly outweigh these costs."

The decision follows the group's revelation earlier this year that it had uncovered "improprieties" in its dealings with some customers. About 12 salesmen and one director subsequently left the company.

NEWS DIGEST

Merchant Retail falls to £1.08m

PRE-TAX profits of Merchant Retail Group fell by £640,000 to £1.98m in the year to March 27, although turnover increased from £170m to £186m.

The results include property profits of £564,000 and a provision of £574,000 for the closure of Barnum's.

Mr David Wallis, managing director, said it had been a difficult year for both of the group's main divisions: Normans, the supermarket side, is operating in an extremely competitive marketplace, while Joplings, the stores division, has had to compete particularly strongly for available consumer spend.

Capital expenditure amounted to £6.8m (£3m), but tighter controls on working capital had resulted in a reduction in bank borrowings to £16.7m (£17.8m), he added. Gearing was cut to 63 per cent, against 65 per cent.

A final dividend of 7.5p (nil) makes an unchanged total for the year of 1.1p. Although not fully covered by earnings of 0.84p (1.24p), the directors said the payment was appropriate as action had been taken to deal with the loss-making businesses and further cost reductions were being introduced.

The shares put on 1 1/2p to 16 1/2p.

Drayton trusts show improvement

Drayton Blue Chip Trust achieved a 35 per cent rise in net assets per share to end the year to March 31 at 81.8p, against 60.5p at the end of March 1992.

Net revenue was little changed at £1.14m (£1.12m) and earnings per share showed a

small improvement to 9p (8.89p). A same again final dividend of 5.46p is proposed to maintain the total at 84p.

Drayton English & International Trust also reported an increase in net asset value. The year to April 5 ended with nav at 75.59 (66p).

Net revenue was £1.65m (£1.5m).

The dividend for the year is unchanged at 1.2p, including a final of 0.6p, on earnings per share of 0.63p (0.71p).

Gross income declined to 25 per cent of 5.86m (£4.4m). The directors said that unless income improved in the next year they would have to reconsider the level of payment.

The decision follows the group's revelation earlier this year that it had uncovered "improprieties" in its dealings with some customers. About 12 salesmen and one director subsequently left the company.

Southern Radio records 59% rise

Southern Radio, which broadcasts in Hampshire, Kent, Sussex and the Isle of Wight, reported pre-tax profits up from £165,000 to £263,000 in the six months to mid-March - a 59 per cent advance.

The outcome was achieved on turnover up from £2.17m to £4.01m. Earnings per share worked through at 0.82p (0.49p) and an interim dividend of 0.3p (nil) is declared.

The directors said the recession in the south-east had been deep and long, and had been at its worst in January and February. It was still too early to say if the first signs of a return of confidence would continue for the rest of the year, they added.

The surge from £87,000 was achieved on sales of £26.1m (£21.1m) for the year to February 28.

The recommended final dividend of 2p makes a total of 3p against 0.1p previously. Earnings per share of 10.38p compare with a 0.07p deficit.

The company said the body engineering division had an exceptional year, despite significant bad debt provisions, but this was unlikely to be repeated.

Chesterfield Props shares rise 21%

Chesterfield Properties' share price rose 21 per cent from 272p to 330p yesterday after the company reported a 21m increase in 1992 pre-tax profits to £7.65m.

Mr Roger Wingate, chairman, said: "For the first time since 1989, I am reasonably

optimistic about the future of the company."

Fourth Interim Dividend in lieu of Final of 2.92p per Income Share making 13.07p per share for the 18 month period (9.20p for 12 months) payable 30th June 1993 to shareholders registered 5th June, 1993

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

MAUNBY INVESTMENT MANAGEMENT LTD

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX

TELEPHONE: (0423) 523553 - FAX: (0423) 530356

RECRUITMENT

Adrian Furnham ponders the problems of management science

Reaping the benefits of teamwork

NEARLY all of us work with other people. Most of us are interdependent in the sense that we have to help, support and reward each other at work. No one can whistle a symphony; it takes the team effort of an orchestra to play it. Whether we call them groups, sections, squads or teams, most of us realise how much our productivity and satisfaction is due to them. This pretty obvious point is now the latest management obsession.

Management science, if there can be such a thing, is notoriously faddish. Not long ago it was strategic planning that was the key to organisational success. Then it had to do with organization structure. After that the gurus said that once the corporate culture (another oxymoron) was right, Eldorado was just around the corner!

All these solve-all solutions have now reached their sell-by date. But there is, fortunately, a new solution to all the hard-

pressed manager's needs. Teamwork, it seems, will solve all your problems and lead to happy, healthy, productive workers. So business sections of books shops bulge with books, nearly always written by people called 'Chuck', 'Randy' or 'Ed', on teams and teamwork. They rejoice under crypto-sporting titles such as 'Team-Power', or 'How to be a team player': 'Winning Big'. Their message is simple: the power of the waterfall is nothing but a lot of drops working together. No matter how great a warrior he might be, a chief cannot do battle without his team.

What supporters of the team concept argue is this: bearing in mind that management is the art of getting things done through people, you need to let your people know what your goals are - what you want to accomplish, why you want to accomplish it, how they will benefit from it and the role they will play in accomplishing

it. This is another way of saying that the members of the management team must be able to identify themselves individually with the company's overall goals. No chief executive, no top management group ever reached these goals by themselves. Unless the entire management team is aboard, the company will never get there.

What has caused this explosion in restating the obvious? The answer is partly in the American fearfulness obsession with the Japanese, who are still perceived by the Pearl Harbour generation as mindless, but highly disciplined, killers. The post-war Japanese miracle has puzzled them, indeed terrified the Americans. What is the Japanese secret of success? Answer team-work.

The Japanese came from a collectivistic culture and hence naturally do things in groups or teams. We, in the Anglo-Saxon world come from an individualistic culture, which selects for, rewards and values individual effort. No matter how much teamwork achieves in our culture, the results tend to get identified with a single name. We therefore have to endure various mildly humiliating training courses (many in the great outdoors) to encourage teamwork because it is not natural to us. While it is true that no member of a boat crew is praised for the individuality of rowing, this is an exception to the rule. The Japanese, I presume, don't feel obliged to attend individualism courses to learn how to "become their own person", "do things their own way". They are natural collectivistic team players.

This individualism in our culture runs deep. We are however, loyal to some groups: usually those we have been forced to join, or with whom we have endured hardship and difficulty. The family, school class-mates, fellow military conscripts do often command

our loyalty. But, because we don't have jobs for life and find it easier to get promotion by moving between organizations, we rarely stay long enough in a team to be really part of it.

The life of a team goes through various stages: forming (the getting together); storming (arguing over who does what, who is leader, etc); norming (the acceptable explicit and implicit rules); performing (actually working well after the early stages have occurred). Teams also go through mourning when they break up. But all this takes time and many of us never really stay long enough in a particular team to appreciate its worth.

But how seriously do companies who have swallowed the team solution really take the idea? Yes, they do talk it up; go on endless (and expensive) courses, even partly restricting sections into "new teams". Yet very, very few reward the team, rather than the individual. Most performance management systems (the euphemism for how pay is determined) are explicitly geared to the individual. Yes, team work in the sense of contribution to the team may be a criterion which is rated, but it is usually only one of many. Also, we rarely hire people with a team in mind or indeed hire whole teams.

Michael Winner got it right when he said: "Team effort is a lot of people doing what I say".

The team work philosophy of cooperation, interdependence and group loyalty in countercultural. Our business heroes are for the most part egocentric, rugged individuals, not team players. Team work may be a really good idea, but don't bluff yourself either that it is a total solution or that a couple of fuzzy warm courses will do the trick.

Adrian Furnham is Head of University College London's Business Psychology Unit.

THE OLYMPIC CONTENDERS: MANCHESTER

The FT proposes to publish this survey on
23rd June 1993.

The FT prints simultaneously in five centres: London, Roubaix, Frankfurt, New York and Tokyo and is circulated in 160 countries. For a full editorial synopsis and details of available advertisement positions, please call:

Brian Heron
Tel: 061-834 9381
Fax: 061-832 9248
Alexandra Buildings,
Queen Street,
Manchester M2 5LF.

FT SURVEYS

Derivatives & Market Risk

Specialist

c£45,000

US House with an outstanding credit and capital markets track record is rapidly expanding to meet growing business demands. You will be managing its exposure, creating and presenting solutions to senior management, and providing strategic advice to traders. The successful candidate will demonstrate:

- Strong quantitative academic background (minimum 2:1), familiarity distinct advantage
- Detailed knowledge of derivatives products
- Excellent interpersonal skills
- Computer literacy

Age 27-33 you will also possess commercial acumen and be able to demonstrate the ability to think laterally. This is an exciting opportunity to grow within an innovative and energetic team.

Global Research

c£30,000

His major US investment house, a world leader in the provision of interest rate and derivative products urgently needs an innovative, highly focused researcher who can provide clear solutions for clients, hedging and/or investment needs. You must have the following:

- Proven analytical ability combined with an excellent financial education (2:1 degree or above in Maths, Physics, Engineering - ideally PhD), Computing knowledge essential
- Ability to generate original trade ideas
- First class communication skills

Ideally you will have 1-3 years banking experience encompassing an understanding of derivative products. However, energy, drive and a keen desire to succeed are equally regarded as an organisation who recognises individual effort with early responsibility and financial reward.

Contact Pascale Butcher or Zia Ishaq on (071) 593 0073 (day) or 1081 748 5924 (evenings and weekends) or write to 10-18 New Bridge Street, London EC4V 6AU Fax No: 071 593 5968.

BADENOCH & CLARK
recruitment specialists

JAPANESE MARKETS

WARRANTS and CB SALES

A leading International Securities firm with a global presence in the proprietary trading of bond and equity derivatives is seeking an experienced person to spearhead its sales effort to institutional clients in Europe. A minimum of 3 years experience is required.

EQUITY SALES

An established team which enjoys the support of strong research analysis requires an additional senior sales person with at least 5 years experience of cultivating UK accounts.

ARBITRAGE TRADER

A trader with experience of running a hedged book is required to join the expanding arbitrage desk of a European Securities firm. This position would suit an individual under 26 years of age with a quantitative background.

For a confidential discussion on the above, which offer highly attractive packages, please contact Anthony Ishaq.

JAC Recruitment

Dauntsey House, Frederick's Place,
Old Jewry, London EC2R 8AB
Tel: 071 796 3132 Fax: 071 796 4620

PAGE US ON REUTER Page L 071

J A C

We are looking for
a commercial executive.

Wide knowledge of international
marketing, importing and exporting,
available rapidly.
Able to travel abroad often.
Interesting salary.
Send C.V. to Box No. B1070,
Financial Times, One Southwark Bridge,
London SE1 9HL

JNR. SPOT TRADER
£30-35,000JNR. CORP. DEALER
£30-£35,000TREASURY SALES
c£50,000

Our client is a top City merchant bank which has enjoyed a large increase in profits over the last 12 months. Future expansion plans for the spot desk have created the need to hire an additional trader with the potential to head up the desk in a few year's time. Suitable candidates aged around mid 20's will have a 2(i) or first class degree followed by a successful track record of around two years on the spot desk of a bank, and will be looking for more responsibility.

For more information relating to these positions please contact Stephanie Devine

Fax
071-626 9400

Ridgway House 41/42 King William Street
London EC4R 9EN
Financial Recruitment Consultants

Telephone
071-626 1161

SHEPHERD LITTLE

A REAL OPPORTUNITY in BRUSSELS

Founded in 1968 to handle clearance and settlement of Eurobonds, the Euroclear System is now the world's largest clearance and settlement system for internationally traded securities. This market leader provides an easy-to-use and reliable access point to thousands of securities, ranging from classical Eurobonds to complex derivative securities, as well as equity securities and domestic debt instruments from around the world. And it offers Participants (as Euroclear Users are called) a full range of related services, including securities custody, securities lending and borrowing, foreign exchange and money transfer. The 2,700 Euroclear participants include the world's leading commercial and central banks, brokers and investment banks, and other securities professionals active in the international markets. The Euroclear System is user-owned and operated under contract by Morgan Guaranty Trust Company of New York through the Euroclear Operations Centre in Brussels.

For its Commercial Division, The Euroclear Operations Centre is looking for an

Account Manager

The person (m/f) we have in mind:

- is fluent in English and at least one other major language;
- has some year's relevant and successful experience in securities markets or clearing and custody services;
- has the ability to sell and conduct negotiations at top levels;
- is willing to travel extensively;
- has an excellent university degree.

We offer:

- international and local career perspectives with one of the world's leading financial institutions;
- a young and international environment;
- a competitive salary package.

If you are interested, please send an application letter and your C.V. to our consultant, Thierry Raickman, at CARRUS, 11 rue R. Duratte, B-5101 Namur. You may also contact him by phone on 32-81-330811, and fax your résumé on 32-81-330812. Interviews will be held in several major European locations.

JPMorgan

UK EQUITY FUND MANAGEMENT

Northern Home Counties

Our client is an investment management company with an enviable record in the management of both equity and fixed income portfolios. Managing a total of £550 million in Unit Linked and Offshore Funds, it now seeks to recruit a UK fund manager. The essential responsibility will be to assist the Managing Director in managing some £120m invested in a variety of funds, including both blue chip and special situation funds where performance is the key.

The successful candidate, probably in his/her late 20's, will have 4/5 years experience of managing general and specialist UK funds with a proven track record. He/she must be comfortable working in a small, progressive team. A salary of circa £45,000 plus bonus will be offered to the right candidate.

Please write with cv or call Martin Symon at the number below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

Executive Director

Leading Offshore
Corporate Services
and Trust Company

Isle of Man or
London Based

A free breakfast seminar organised by Kidsons Impey Search & Selection & The Financial Times

MANAGING DIRECTORS

ENHANCING THE PERFORMANCE OF YOUR DIRECTORS

As the Managing Director of a medium sized business, or one of his/her close advisors on "human resource" matters, you are focused on how to optimise performance of the business as we move slowly out of recession.

You know the dangers of forgetting the fundamentals, by making sure you get paid and not getting carried away by new orders, because you want your cash flow in order.

PEOPLE - your most important asset however, are more problematical! Take your fellow directors for example, or your senior management group. Do you know which 40% are actively thinking of moving on when the recession is over?

AT OUR FREE SEMINAR, we will be combining presentations with real life case studies from companies with which we are working to enhance directors, managers and company performance.

If you wish to attend one of our free seminars, THE FIRST OF WHICH IS ON WEDNESDAY 16 JUNE, please contact:

Peter Willingham, Managing Director
Kidsons Impey Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336 Fax: 071-976 1116

Our client provides a range of international corporate and trust consultancy and management services, based on the Isle of Man, and is a subsidiary of a quoted financial services group with a range of interests in the United Kingdom and Ireland. The organisation has an enviable record in developing an innovative range of products and services, utilising a multi-disciplined team of executives whose experience spans the legal and accounting professions as well as merchant banking.

In addition to corporate and trust formation and management services, our client has successfully developed Public Company Registration work, international partnerships, exchange control planning and specialist consultancy services.

Due to recent growth and a desire to restructure, the need has arisen to strengthen the management team by recruiting an executive director who will be responsible for sales and marketing. The principal objective will be to expand the already strong client and product base. The appointee will report directly to the executive Chairman of the Isle of Man based company, and will liaise extensively with other senior executives within the Group. There will be a need for a reasonable degree of travel, perhaps up to 50% of the time. However the individual can be based either in London or the Isle of Man.

The requirement is for a rounded and mature individual (aged 28-45) who can strengthen the Company's principal markets, which are in the United States, the United Kingdom, Germany and the Far East. Due to the nature of the business, the successful candidate is likely to be a sales and marketing orientated individual with experience probably gained within the Financial Services sector. A qualified lawyer, accountant possessing excellent interpersonal skills may also be suitable.

The rewards include an attractive basic salary and benefits and the opportunity to develop a stimulating career within this leading company.

For further information in strict confidence contact Robert Walker or Jonathan Jones on 071-287 6225 (evenings and weekends on 081-464 0927). Alternatively, forward a brief resume to our London office quoting Ref: JJ 420.

WALKER HAMILL

Financial Recruitment Consultants

29-30 Kingly Street
London W1R 5LB
Tel: 071 287 6225
Fax: 071 287 6220

**FT NEWSPAPER
of THE YEAR**

KIDSONS IMPEY
Search & Selection Limited

مكتبة من الأهم

Executive

As the oldest UK Merchant Bank, Barings constantly searches for innovation and new opportunity. It has achieved considerable success in the fields of property and structured finance leading to the current search for two additional executives.

Property Finance

To apply a wide range of capital markets and merchant banking skills to the property sector. This will include analysis, research and direct involvement in sizeable transactions.

Structured Finance

To join the team structuring and delivering transactions involving asset and mortgage-backed finance and financial engineering.

Applicants will be graduates with two or three years' experience, not necessarily gained within the relevant disciplines. A high level of numeracy must be combined with good analytical and computer skills.

Salary will be negotiable, according to experience, and will include a comprehensive benefits package.

Applicants should write in confidence, enclosing a full curriculum vitae to Roger Tippie, Head of Financial Services Sector, at Macmillan Davies, 52-54 Broadwick Street, London W1V 1PF. Telephone 071 637 4778. All direct applicants will be forwarded to him for consideration.



Macmillan Davies

SEARCH & SELECTION

JOSLIN ROWE

SENIOR CREDIT MANAGER

to £65,000
Substantial credit and man-management experience sought by this highly respected International Bank. Ideally aged 35-45, the successful candidate will possess experience of both UK and European corporates and Financial institutions as well as trading counterparty risk issues. Heading the Credit and Risk department, you will work closely with the Marketing area and contribute to strategy and policy making.

MANAGER, CAPITAL MARKETS to £40,000
The leading International Bank currently seeks to appoint a department manager with a proven track record in man-management and current strong product knowledge in Swaps, Futures, Options and Eurobonds. Candidates should be aged in their 30's, possess a strong personality and good PC/systems knowledge. Overseeing the whole range of settlements processes, the successful candidate will possess a flexible, innovative approach.

BUSINESS CONTINGENCY PLANNING £240,000
Global Investment Bank requires an individual experienced in risk management/assessment to coordinate key programmes in London and Europe. You will be consulted on risk issues from business interruption to Long Tail event subjects such as client-related and environmental risk, professional liability, fraud etc. Candidates should be Graduate/MBAs level, possibly with a background in Audit/Accounting IT systems with strong interpersonal and persuasive skills.

TEL: 071 638 5286 FAX: 071 382 9417

Joslin Rowe Associates Ltd, 52-54 Broadwick Street, London W1V 1PF

A MEMBER OF THE BLOOMFIELD GROUP

ASSISTANT DIRECTOR – PROJECT FINANCE

Our client, one of the UK's leading merchant banks, wishes to recruit an experienced project financier to its highly successful Project and Export Finance Department, based in London.

The successful candidate will be responsible for all aspects of completing limited recourse projects from origination through cash flow modelling, structuring and syndicating transactions. The department's business is based on helping contractors, exporters, and utilities throughout the bidding process on projects worldwide. In particular strengths are in Asia and Africa.

Aged early 30s to 40s, the successful candidate must be able to show a track record in analysing, structuring and concluding limited recourse and project financings. The ability to relate to clients over the long lead times of transactions is particularly important. Candidates must also have strong academic backgrounds, pronounced communications skills and must be highly self-motivated. Relevant geographical experience would be useful.

A highly competitive compensation package will be made available to attract the right calibre of candidate.

Applicants should write in confidence enclosing a full curriculum vitae to David Miller, quoting reference 2289.

**Miller
Leake**
ADVERTISING

4th Floor, Harling House,
47-51 Great Suffolk Street, London SE1 0BS
Telephone: 071-620 3002 Facsimile: 071-620 3005

CHIEF INVESTMENT OFFICER Tunbridge Wells

We are one of the leading firms of solicitors in the south of England. Founded five years ago under the direction of a senior investment banker, our investment department now manages £60m funds.

We wish to appoint a Chief Investment Officer responsible for formulating investment policy, managing its implementation across the department and running our growing pension fund and charity business.

You will be trained in the modern disciplines of fund management and have a leader's personality. You will be qualified in either institutional or private fund management, with at least 10 years' relevant experience. If you would welcome the chance to stop commuting and apply City training in a setting with as much challenge but a better quality of life, this position will be ideal.

We are looking for the right person, so remuneration, including profit-sharing, should not prove a bar (whilst reflecting the out-of-London location). Please write, enclosing cv and salary details, to: David Lough, Cripps Harries Hall, Seymour House, 11-13 Mt Ephraim Rd, Tunbridge Wells, Kent TN1 1EN.

**CRIPPS
HARRIES
HALL**



Solicitors
Investment Managers

Telecommunications Specialist, M & A

Attractive Compensation Package

The UBS Mergers & Acquisitions Department is seeking to recruit a specialist in the telecommunications industry. Prospective candidates must be of the very highest calibre with a minimum of five years experience working in or with major international companies in this sector. The individual concerned will be expected to have a university degree and MBA qualification, fluency in English and at least one other European language, work experience in Continental Europe and contacts at senior level in the telecommunications industry world-wide.

Please send career details to:
Lorna McArthur, Personnel Manager,
UBS Limited
100 Liverpool Street
London EC2M 2RH



Foreign Exchange Trader for cash, future and option dealings

You: Investment management in foreign exchange trading

You: Specific training and practical experience in foreign exchange and option trading. A high degree of flexibility and self-initiative as well as good communication skills and powers of self-assertion, high motivation, an ability to cope under pressure and reliability.

We: Independent, entrepreneurial and analytic thinking and an ability to act swiftly. Good computer skills. Good command of German.

We: Offer a basic monthly salary as well as 30% profit sharing and a pleasant work environment with state-of-the-art equipment. Free board and lodging (Swiss).

Your: If you are interested, please send your application with a recent photograph to the following address:

SIELER PERSONALMARKETING
Brucknerstraße 11 · D-6650 Solingen · Germany

Private Client Stockbroker

EXCELLENT SALARY & BONUS ~ CITY

SEYMOUR PIERCE BUTTERFIELD IS A SMALL, WELL-ESTABLISHED BUSINESS OF GREAT INTEGRITY. A COMPANY WITH MORE THAN 150 YEARS' EXPERIENCE IN THE CITY, IT IS PART OF THE PRESTIGIOUS BANK OF BUTTERFIELD, BERMUDA'S PREMIER BANK, WHICH PROVIDES BROAD PRIVATE CLIENT FUND MANAGEMENT SERVICES.

CAPITALISING ON THESE STRENGTHS, SEYMOUR PIERCE BUTTERFIELD IS NOW PLANNING FOR GROWTH, CREATING AN EXCEPTIONAL OPPORTUNITY FOR AN EXPERIENCED PRIVATE CLIENT STOCKBROKER.

An equal opportunities employer

THE ROLE. A team leader, responsible for building and managing a small, dynamic team.

Enlarge an intermediary-based, private client business.

Work closely with colleagues from other parts of the group.

QUALIFICATIONS. At least ten years' experience and a proven track record in private client stockbroking with international fund management experience.

Well-educated, mature, with the highest standards of professionalism and integrity.

Able to build solid, profitable relationships with intermediaries and clients.

Please apply in writing, enclosing a full c.v. and quoting reference MLIR/NFT.

34 Jermyn St, London SW1Y 6LX.

N.B.S.

Seymour Pierce Butterfield Limited

FOREIGN EXCHANGE ANALYST

Negotiable salary · London

Thomson Financial Services is a leading provider of proprietary financial information products to the global financial community. With 33 offices and over 2000 employees around the world, we are a dynamic, client-oriented service organisation which is growing rapidly, especially in Europe.

Due to expansion we are seeking a Technical Analyst to work on our foreign exchange service, delivering market specific and trading-oriented comment via Teletext. The product is a leader in the field and highly valued by market professionals worldwide.

You must have at least two years' experience as a Technical Analyst and be able to assimilate information and communicate views on the major spot and cross markets. The role requires excellent writing skills and the character to cope with constant pressure.

Please send full career details quoting ref VAC057 to: Ben Debnath, Human Resources Manager - Europe, Thomson Financial Services Ltd, Seventh Floor, 11 New Fetter Lane, London EC4A 1JN.

**THOMSON
FINANCIAL SERVICES**

Marketing Executive

Financial Information Services

City c. £24-26K + Package

Currently poised to both develop and launch new products within the global securities marketplace, this is an exciting opportunity to unite your securities experience with the flair of marketing.

Datastream International is a leading provider of computer based financial information services to many of the world's major securities firms. Datastream's products are used in fields such as Fund Management, Investment Research, and Corporate Finance.

You would be a member of the marketing group anticipating and identifying customer and market requirements through customer contact, market and competitor analysis. The marketing team is responsible for taking new product ideas from concept through development and launch.

**Datastream
International**

hence the need for intelligent and analytical performers who understand the market.

You may currently be working in Fund Management, Securities Analysis or a related area, where you feel your skills would blend well within our business. Datastream can offer you an exciting career in the challenging field of marketing with a market leader that brings together Financial Markets and High Technology.

For a confidential discussion and to arrange an interview call Nick Marsh, our retained consultant on 081 878 7850 from 8.30am to 7pm. Alternatively send your CV to him: STRATFORD MARSH Executive Search Consultants, 82 Upper Richmond Road West, London SW14 8BZ. Fax: 081 392 2646.

A PRIMARK Company

FIXED INCOME FUND MANAGEMENT

We are acting on behalf of a number of clients who are looking to recruit Fund Managers with specialist experience of both multicurrency and sterling bond portfolios. The types of funds include both pension fund and specialist bond portfolios.

If you have up to 4/5 years experience of these markets and are considering making a career move...

Please call Roger Steare on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC4M 4TP
Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

Manager A Forfait

Negotiable salary
plus benefits and bonus

West Merchant Bank is seeking to recruit another manager to enhance the capacity of its Forfaiting team to undertake additional new business. Above all, he or she will have the enthusiasm and personal qualities to promote actively and successfully the Division's already established worldwide business.

The successful candidate will also have had a minimum of three years directly relevant experience with a proven track record of structuring, purchasing, placing and syndicating Forfaiting and trade finance assets. Ideally they will have a banking or other relevant qualification and the ability to speak a second language.

The package of basic salary and banking benefits will be attractive with bonus payments and subsequent career progression based on performance.

Please reply in confidence enclosing a full c.v. to: Peter Lawley, Assistant Director, Personnel, at West Merchant Bank Limited, 33-36 Gracechurch Street, London EC3V 0AX or telephone on 071-220 8547 for further details.

W M B West Merchant Bank

INVESTMENT OPPORTUNITY

North American Equities

London

Attractive salary + financial sector benefits

United Friendly Insurance is one of the UK's most successful insurance companies. Our established investment team currently manages assets in excess of £2 billion and, to maintain its superior investment performance, is looking for an additional member to join the North American team.

Reporting directly to the Portfolio Manager, North America, you will assist in the management of the Equity Funds including sector strategy, stock analysis and share dealing.

United Friendly Insurance plc 

This opportunity to develop a career in fund management will appeal to a computer-literate graduate who is IIMR-qualified and has a background in investment research and analysis. Knowledge of the North American market would be an advantage.

Please send full career details, indicating current salary, to Ms Barbara Agymean, Personnel Officer, United Friendly Insurance plc, 42 Southwark Bridge Road, London SE1 9HE.

FIXED INCOME SALES

BNP Capital Markets (a wholly owned subsidiary of Banque Nationale de Paris) is currently expanding its Capital Market activities and is keen to recruit two multi-currently-fixed income salesmen to spearhead its penetration into large UK based financial institutions.

The ideal candidates will be aged 25-35 with at least 3 years experience selling multi-currency product to major institutional investors.

A competitive remuneration package with usual fringe benefits will be offered to the right candidates.

All applications will be treated in strict confidence and should be sent with a current C.V. addressed to:

Elizabeth Jennings
Head of Human Resources
BNP Capital Markets Ltd
8-13 King William Street
London EC4N 7DN
Fax: 071-548 9525



Opportunity in Treasury Research/Dealing - Dublin

Salary £32k

Our client is an established treasury management company in the Dublin International Financial Centre. We have been retained to assist with the recruitment of a person to assist the Investment Manager.

The successful candidate will be responsible for corporate treasury research, the preparation of detailed reports and proposals on portfolio management strategies and assisting in the preparation of board presentations.

The person appointed, ideally aged between 27 and 31, will have an excellent academic track record in a business/finance discipline, together with a number of years experience in a treasury, investment or banking environment. Experience of dealing in Money, FX or Bond Markets would be a decided advantage. Excellent interpersonal and writing skills will be required.

An attractive remuneration package will apply to this position.

Candidates should write - in strictest confidence - enclosing a curriculum vitae and quoting reference number 93120 to:

merc partners

Recruitment & Human Resource Consultants

Brian G Ward
Merc Partners
Number Twelve
Richview Office Park
Clonskeagh
Dublin 14
Facsimile 353-1-2830550

Sales — Financial Markets

City Based

QUICK EUROPE LIMITED is one of the world's leading providers of information services to the financial community.

We are seeking high calibre, achievement orientated Sales professionals to join our existing successful team. With a minimum of two years' experience in the financial markets, you will be able to demonstrate an outstanding record of success which reflects both your account management and new business sales abilities.

In addition, you must possess excellent communication and presentation skills and have a good understanding of financial instruments and the way in which the securities markets operate.

In return, we can offer career development opportunities in a dynamic environment, a very competitive salary and incentives package and a comprehensive range of benefits.

Please apply to Philip Brett, Personnel Manager, sending a c.v. or requesting an application form, to QUICK EUROPE Ltd, 65 Clifton Street, London EC2A 4JE. (Fax: 071-377 2209)



Fixed Interest Products

Structuring and Pricing
circa £50,000 plus bonus and banking benefits

Our client is a leading international investment bank, expanding in the fixed interest area. They are currently looking for a bright, young and enthusiastic individual to join their successful and growing MTN team. You will be pricing, trading and structuring vanilla and derivative products. You should have two years experience in capital markets with a good understanding of bonds, money markets and swaps, together with the drive and initiative to succeed in a developing market.

Please call Ron Bradley on 071-623 1266

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

INVESTMENT MARKETING MIDDLE EAST

CITY BASED

CIRCA £50,000 + BONUS
+ CAR + BANKING BENEFITS

MAJOR INTERNATIONAL FINANCIAL INSTITUTION

An opportunity has arisen for a highly motivated business promotion specialist with proven marketing expertise in Investment Management and Securities business. Aged 30-40 and with Middle East experience, the successful candidate will be responsible for developing new and existing business throughout the region. Though based in London, this key position will entail some travel to the Middle East.

Applications, quoting current remuneration, should be sent to: Campbell-Johnston Recruitment Advertising, 2 London Wall Buildings, London Wall, London EC2M 5PP (reference IM24756/FT). All applications will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked to the attention of the Security Manager.

Closing date for replies - 4th June 1993.

Shortlisted candidates will be notified by 11th June 1993.

U.S. ECONOMIST

City

An urgent need has arisen for a key individual to join the London securities subsidiary of a leading Japanese bank. The successful candidate will work as part of a small team focusing on the Japanese and U.S. economies.

You will be responsible for reviewing the U.S. economy and dollar bond markets, providing detailed reports, analysing trends and making recommendations to the sales force, traders and capital markets staff.

The ideal candidate will be a graduate with a minimum of two years' experience of short-term forecasting.

12 Curzon Street
London W1Y 7FJ



Tel: 071-413 0972
Fax: 071-413 0977

MADRID

Excellent Package
probably gained within a leading securities house or fund management group. Current experience of the U.S. economy, a high level of computer literacy and the ability to communicate effectively under pressure are prerequisites.

This position represents an excellent career opportunity and candidates who feel that they have the right background for this challenging position should telephone Jonathan Cohen or Martyn Smith on 071-413 0972 or send a detailed Curriculum Vitae to the address below.

HEAD OF CREDIT

The London-based associate of a major banking institution seeks a Credit Manager, with at least 6 years experience as head of an international credit department.

Success in the role demands proven experience of managing people, credit policies and international risk exposure of over \$3 billion.

Applicants will be graduates of a recognised US/European University and preferably MBA qualified.

Salary AAE, detailed C.V. to reference 138, P.O. Box 1054, Bristol BS99 1YG.

DEALER

Instituicao financeira estrangeira necessita de profissional com experiencia para trabalhar em Portugal.

Exige-se completo conhecimento dos mercados de capital. De cambio e monetario (money-market), alem de fluencia em Ingles e Portugues.

Salario inicial de esc.450.000\$00 mensais

Carta com "curriculum vitae" detalhado para este jornal sob o numero

Box B1018
Financial Times
One Southwark Bridge, London SE1 9HL

TRADER

With broad and long standing experience in physical soft-commodities at managing level is looking for a new challenge.

Nationalities: CH + F. Perfect in German, French and English.

Please reply to:
cipher 44-132'927
Publicitas,
P.O. Box,
CH-8021 Zurich

FOREIGN EXCHANGE SALES LONDON

Our client, a leading US securities house, is seeking an experienced salesperson to join its Forex team in London.

The successful applicant will be responsible for marketing foreign exchange products to Northern American fund managers and must have extensive knowledge of the US markets as well as strong institutional contacts. He/she will need to demonstrate not only experience of spot and forward foreign exchange but also the ability to devise and sell strategies in derivative products.

Applications in confidence under reference FES24672/FT will be forwarded to our client unless you notify our Security Manager in a covering letter of companies to whom your details should not be sent:

Campbell-Johnston Recruitment Advertising Limited
2 London Wall Buildings, London Wall, London EC2M 5PP

Societe de produits de luxe recherche un

JURISTE

Rattaché à la Direction Financière, vous prendrez en charge tous les aspects juridiques inhérents aux sociétés (droit des marques, droit commercial, droit du travail, conseils et assemblées....). Une expérience de 3 à 5 ans dans un cabinet juridique est souhaitée sous réf. 37350/FN à FICA, 10 rue du plâtre, F-75004 Paris, qui transmettra,

Bilingue anglais.

Disponible, organisé, rigoureux, vous avez le sens du contact et des responsabilités.

Merci d'adresser lettre manuscrite, CV, photo et salaire souhaité sous réf. 37350/FN à FICA, 10 rue du plâtre, F-75004 Paris, qui transmettra,

C
CJA

FUJI BAN

CH

CH

CH

CH

مكتاب من المطبعة

TRADE SERVICE OPERATIONS

MIDDLE EAST

TAX FREE PACKAGE

An expanding and highly profitable bank requires successful managers and officers to develop its regional trade service operations.

You will have in-depth experience in documentary credits, guarantees and collections. Excellent interpersonal skills are essential, together with the practical ability and commitment to accelerate change.

The challenge for successful candidates will be to provide top quality processing and first class customer service.

An attractive expatriate remuneration package will be provided, including housing and transport allowances commensurate with the value of the job.

Please apply in writing with a full cv and contact telephone number to:

Cliff Giddings, c/o Palms Hotel (Hilton National), Southend Arterial Road, Hornchurch, Essex RM11 3UJ Fax number: 0708 341719.

Interviews will be conducted during the week commencing 31st May, 1993.



071-377 6488

TREASURY ENGL

Good opportunities available for experienced corporate salespeople, with top City based Banks. Ability to market all treasury instruments including derivatives. Multilingual preferred. Please call Shona McIntosh.

EXECUTIVE RECRUITMENT

Due to long term expansion plans, we are currently looking for additional experienced consultants to cover areas of recruitment as advertised, including Fund Management. Please call Andrew Stone.

FIXED INCOME SALES

Numerous opportunities with top City banks for candidates with established client base in any of the following locations: UK, GERMANY, ITALY, FRANCE, BENELUX, SWITZERLAND, SCANDINAVIA, etc. Extensive product knowledge essential - a foreign language ability can be advantageous. Please call Andrew Stone.

EUROPEAN EQUITY DERIVATIVES SALES

Leading investment bank seek experienced European equity derivatives salesmen with an established UK or European client base. The bank offers a full product range backed by an active presence on European exchanges. Please call Ian Donaldson.

Also see our advertisement on Reuter Page Code L071.

For further details please call on 071-377 6488 or send fax your CV to us.

All applications are treated in the strictest confidence. For enquires outside business hours call 081-364 1833.

CAMBRIDGE APPOINTMENTS

232 Shoreditch High Street, London E1 6PJ. Fax No. 071-377 0887

RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

CITY OF LONDON

FIXED INCOME SALES

OUTSTANDING PACKAGE

MAJOR EUROPEAN BANK

For this senior vacancy, which follows an internal promotion and is part of planned growth, we invite applications from candidates with a minimum of seven years' sales experience. The successful applicant will strengthen the sales capacity in German debt instruments and will therefore have a profound knowledge of German debt markets. You will also have established dealing relationships with UK institutions and be responsible for selling the Bank's capability in international securities markets. The ability to use sophisticated computer systems, assess the relative value of new issues, look for switches in clients' portfolios and discuss future movement in financial markets is essential. The seniority of the position is reflected by the Bank's wish for this individual to assist the Head of Sales in his efforts to stimulate the team to develop their derivatives, research and German domestic bond capabilities. The remuneration package will be tailored to attract the best talent in the market. Candidates wishing an initial discussion please telephone 071-638 0680 or evenings 071-828 2891, or write in strict confidence under reference GFIS4895/FT.



SENIOR CORPORATE DEALER

As a leading international bank committed to providing top quality treasury support for our global customers we are seeking to strengthen the corporate dealing capability of our foreign exchange group by the addition of one professional senior dealer.

The successful candidate will be a self starter, able to maintain and develop new business relationships in corporate treasury products, with at least 3 years' experience in this particular sector. In return we offer a generous remuneration and benefits package to match this important position.

FUJI BANK

Tokyo, Japan

CHRISTIANIA BANK

London Branch

We are currently seeking an additional

FUTURES/FRA TRADER

The ideal applicant will be mid-twenties with at least 2 years trading experience, preferably in European currencies. A good knowledge of Treasury/Off-Balance Sheet products is essential.

Competitive salary plus usual benefits.

Please apply in writing, enclosing C.V. to:

Treasurer
Christiania Bank London Branch
Lloyd's Chambers
1 Portsoken Street
London E1 8RU

APPOINTMENTS WANTED

General Management / focus sales

Successful, sales oriented, International general manager (48 years) with 20 years experience in sales, marketing and business management in high tech companies. Looking for exciting opportunity to exploit track record, to the benefit of pan European organisation, wanting to significantly increase its market share. Please send company profile and product brochure to Box B1020, Financial Times, One Southwark Bridge, London SE1 9HL.

FRANKFURT

- BASED SALES AND MARKETING EXECUTIVE

with long-term experience in Germany seeks appointment with British or American company. Relocation to UK also considered. (Age 37, B.A., M.A.)

Write to Box No B1019, Financial Times,
One Southwark Bridge, London SE1 9HL.

FX/TREASURY to £100,000 + Bonus

1 x USD FRAs	£80-100,000
2 x Spot Cable	£60-100,000
2 x Spot \$/DM	£50-80,000
2 x Spot \$/Yen	£50-80,000
2 x Spot EMS	£50-£70,000
3 x Treasury Sales	£40-60,000

Please contact Jan Perrin
on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TF Tel: 071-423 1266 Fax: 071-626 5259

JONATHAN WREN

MERIDIAN TRADING CONTROL

£25-30,000

Small successful Int'l Capital Markets group seeks a young ambitious professional with exp in Trading Control in Int'l Bonds/Equities. Experience must include reporting, P&L, Balance Sheet, SFA fin. reg., combined with excellent computer literacy. Please call Alex Butterworth for more information.

071 255 1555

RECRUITMENT CONSULTANTS

REUTER DEALER OPERATORS

We are a leading firm of Foreign Exchange dealers based in the City and are currently looking for Reuter Dealer Operators. Applicants should be used to working under pressure and have at least 3 years experience using a reuter machine in an FX dealing room environment. Salary a.a.e. + full company benefits. Please apply in writing enclosing a current CV to: Box B1066, Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS WANTED

Construction Project Manager
Construction Company Techn. Director
Buildings + Grounds Administrator

Master of Science in Architectural Engineering (Dipl.Eng.) + BS. Civil Engineering. Fluent in German + English, metric + inch, DIN + BOCA (USA). Resourceful + Innovative + Creative. 16 yrs. in Germany + 20 yrs. In USA. Hands-on experience in A+E Design, Cost Estimating, Scheduling + Construction Management of Detention Centres + Prisons, Industrial + Processing Plants, Educational + Health Care + Science Facilities, Security + Utility + Computer Systems, Economic Research, Market Analysis, Project Viability + Feasibility Studies. Ready to take on Challenging Responsibility for US\$50M-\$500M Turn-Key Construction Project in the Americas + West/East Europe + Russia + Asia.

Principals mail description of project and position to:

Eric Graetz, 922 - 24th Street, Washington, DC 20037 - 2234 USA

TELEPHONE : 202 - 337 - 7900

FAX : 202 - 333 - 0033

MARKETING MANAGER

EDINBURGH

Excellent remuneration

My client is a young, dynamic financial information and publishing company based in Edinburgh, promoting a range of highly successful and innovative products, covering global equity markets, to both financial institutions and private investors.

As a result of a dramatic growth in client base, the company seeks a Marketing Manager to bring a sharper focus to future marketing products.

Reporting to the Managing Director, you will design and implement a marketing campaign for the company, and be responsible for the development of new products, all forms of

communications with clients and the management of a small marketing team and a growing sales team.

Probable in your late twenties to early thirties, you will be able to demonstrate a successful track record in sales and marketing, have some experience of financial markets and be seeking to develop a career in a challenging, exciting and rewarding environment.

For a strictly confidential discussion, please telephone or write to Robin Douglas, at the address below, quoting reference 191.

ROBIN DOUGLAS
ASSOCIATES
Executive Search and Selection

13 Standard Street, Edinburgh EH1 1JG Tel: 031-556 1215

CFO

Experienced individual sought as Chief Financial Officer for new London office of highly capitalised, international derivatives trading/marker-making firm. Exceptional regulatory/compliance knowledge, ability to build back-office team a must.

Send resume, compensation history in strict confidence to Box B1007 Financial Times, One Southwark Bridge, London SE1 9HL.

TRADER

We are looking for the best derivatives traders and market makers in London to staff U.K. unit of U.S.-based trading firm. Experience with Asian & European derivatives needed.

Resume, comp history to Box B1008 Financial Times, One Southwark Bridge, London SE1 9HL.

DIRECTOR

Int. Investment & venture capital co. E. European privatisation & x-border transactions. Business + Govt. contacts at the highest level in Far + Middle East. Risk management + Trading in derivatives. Trained German banks in trading of futures and options. Seeks a challenging position in the city/Europe/NY/F.E.

Queries: Ring T. Khan. 0630-647717
After 1.30pm

EQUITY TRADER

Enthusiastic, 26 year old dealer, with 6 years experience in UK and Foreign Equities urgently seeks new position.

Phone: 081 658 2637

or write to Box B1063, Financial Times, One Southwark Bridge, London SE1 9HL.

Paris

show a high degree of initiative for this autonomous position. Reporting to the Director of European Sales, your responsibilities will be to manage and motivate the existing distribution network whilst focusing on penetrating new corporate accounts. Where necessary you will be required to recruit additional distributors.

This is an excellent opportunity to progress an already dominant company further into Europe. The rewards for rising to this challenge are only limited by your own ability.

If you believe you have the drive and experience to make your mark with Insignia, please forward your CV, including salary details and a daytime contact number to Kelvin Thompson at Harvey Nash, quoting Ref: HN773.

Interviews will take place in Paris.

HARVEY NASH PLC

DRAGON COURT, 27-29 MACKIN STREET, LONDON WC2B 5LX Tel: 071-353 0033 FAX: 071-353 0032

SEARCH & SELECTION IN INFORMATION TECHNOLOGY

Executive Search Consultant

Armstrong International is an Executive Search firm founded four years ago to serve the complex needs of the financial services industry. In that time we have been very successful. As a result of the further growth and expansion of our business we are seeking Senior Consultants to augment our expanding team. We are looking for the following:

- A sales orientated personality
- Aged between 25 - 35
- A high degree of motivation, drive & energy
- An ability to manage relationships at a senior level
- A background in Corporate Finance or Capital Markets

Executive Search is an exciting industry with excellent growth prospects.

This position offers individuals the opportunity to build a business and to be rewarded for doing so.

Interviews Saturday only, reply to: Martin Armstrong

ARMSTRONG INTERNATIONAL

Winchester House, 77 London Wall, London EC2N 1BF

Telephone: 071-628 7753

CONTROLLER

Global investment company based in Jeddah, Saudi Arabia requires high level financial professional; Must have: CFA or CA designation; minimum 5 years controller experience with a financial institution; extensive MIS experience; International/Offshore taxation & operations experience; Offshore corporate legal & reporting for management on schedule basis; Consolidate multiple financial entities; perform all accounting tasks; be in charge of accounts/projects such as joint venture agreements, partnerships. Position will be based in Jeddah, Saudi Arabia. Excellent salary and benefits. Interviews will be conducted at a mutually convenient location.

Write to Box No B1017,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

MERIDIAN GLOBAL BALANCED PORTFOLIO MANAGER

£70,000 + (Neg)
An experienced & ambitious Fund Manager with equal knowledge of Global Equity & Bond Markets is required by a fast growing European Financial Institution to manage a new listed offshore fund. Please call Emely Aldrich for more information.

Rec Cans
071 255 1555

EUROPEAN REAL ESTATE BROKER

An opportunity exists for an experienced UK broker in the top residential property market to join a new venture operating in the Mediterranean area with a London/Paris office.

For more details mail your CV to:

Guy Norton, Via Pecchia, 15-09180 Rome

TRADER

We are looking for the best derivatives traders and market makers in London to staff U.K. unit of U.S.-based trading firm. Experience with Asian & European derivatives needed.

Resume, comp history to

Box B1008 Financial Times

One Southwark Bridge

<p

ACCOUNTANCY COLUMN

Time to ask who should audit the government's auditors

Mary Bowerman argues the case for independent scrutiny of the UK's two public watchdogs

A DECADE after the creation of the Audit Commission and the National Audit Office, the UK's two public audit watchdogs have clearly proved their worth. But the time has come to question who audits the auditors themselves.

The National Audit Office and the Audit Commission audit the majority of public bodies, with a remit to report on value for money and the figures in the accounts. They are sometimes the taxpayer's only "foot in the door" of non-elected bodies such as the regional health authorities. Their contribution to improving public sector management is widely acknowledged, while the savings they identify more than cover their costs.

The Audit Commission was established in 1983 and is responsible for co-ordinating the audits of and promoting value for money in local authorities. In 1990 its duties were extended to include the National Health Service, bringing the total level of expenditure under its scrutiny to around £90bn. Some 70 per cent of its audits are undertaken by the commission's own staff and the remainder by selected private sector accounting firms it appoints.

The National Audit Office was established in 1984. It audits the accounts of central government departments and many other public agencies. It also has the power to carry out value for money audits of these and other public bodies, such as universities. The total amount under scrutiny is £45bn.

The Audit Commission has been instrumental in causing change in the way local government and latterly the NHS use their resources. It uses a

comparative approach to identify best practice which forms the basis of its recommendations to all authorities. A recent report showed that £15m could be saved if hospitals mended leaking pipes and used water more efficiently. Another on public libraries showed the cost of issuing a book is £5 at the most inefficient libraries.

The National Audit Office also has an impressive record in raising issues ranging from how the Ministry of Defence could save £20m by better utilisation of its housing stock, through to questioning the effectiveness of cervical and breast screening. A timely report issued just after the Windsor Castle fire revealed that inadequate fire safety standards in government buildings had already resulted in losses of £25m and has caused the Houses of Parliament to be refused a fire certificate since 1978.

Most of the National Audit Office reports are presented to parliament through the Public Accounts Committee and are used to call to account the senior civil servants responsible. Occasional television glimpses of these officials squirming under interrogation can give a curious satisfaction and sense of retribution. Real sadness can read the full transcripts published a few months later.

But who audits the auditor? Are our auditors performing their role effectively? Amid the hundreds of value for money reports published over the last 10 years, covering thousands of public sector activities, not one is an independent review of the performance of the public sector auditors.

While they have been expanding the scope and improving the standards of public audit practice, the

auditors themselves are still audited to only a rudimentary, traditional level. The National Audit Office is auditor to the Audit Commission and has the right to undertake a value for money audit, but has never done so.

The two bodies need to liaise closely in some areas of their work. This appears a rather incestuous relationship. A close scrutiny of the Audit Commission by the National Audit Office would be likely to cause some embarrassment on both sides.

The National Audit Office's own affairs are subject to more stringent scrutiny. Its annual budget must be approved on behalf of parliament by the Public Accounts Committee - a committee of MPs.

The Public Accounts Committee also questions the head of the National Audit Office about planned expenditure and activities. Minutes of these discussions are published but some of the more sensitive issues, such as proposed pay levels and problems with office relocation, are censored.

A private firm of accountants - currently Clark Whitehill - audits the National Audit Office and has undertaken some value for money reviews on topics such as recruitment, training and accommodation. The results are passed on to the Public Accounts Committee. But they have never been made available to the public.

An open and independent appraisal might allay the concerns of critics over a range of important issues.

● Is the mix of staff appropriate? Auditors, mainly with a background in professional accounting, are examining issues ranging from medical

procedures to road building. The US government auditors, by contrast, are drawn from a wide range of professions.

● Is productivity sufficiently high? The number of Audit Commission reports on value for money in local government fell from 18 to 12 between 1990 and 1991. In 1991 it managed to deliver just 49 per cent of audit opinions on local authority financial statements within two months of publication deadlines, while its fee rates rose by 6.7 per cent - compared with inflation of 4.1 per cent. In the same year, the National Audit Office spent only 50 per cent of its budget on direct work on investigations. The rest went on overheads.

● Should more audit and value for money projects be contracted out? While the rest of the public sector has been exposed to competition, the National Audit Office spends just 5 per cent of its expenditure on contracted services. The Audit Commission has always placed 30 per cent of audits with private sector firms. This proportion has been static since 1983.

● Is more attention paid to efficiency than effectiveness? Both sets of auditors are constrained in the extent to which they can question policy. This means that some of the really interesting questions are never posed.

● Is audit coverage sufficiently integrated in programmes run through different agencies? For example, how well do the auditors work together to assess the impact of policies such as the development of a national curriculum imposed by central government but implemented by local government and grant-maintained schools?

The two audit bodies are, of course,

experts in giving advice on the use of resources, and they apply much of this knowledge to their own organisations. The National Audit Office has a comprehensive resource management system that feeds into a five-year corporate plan. This is published annually and discussed by the Public Accounts Committee.

The Audit Commission has given its own - mainly glowing - assessment of the impact of each of its publications since 1983 in "How effective is the Audit Commission?" It has recently invited comment on its new strategy document "Adding Value".

Both bodies have well-established quality-control procedures and both publish annual reports which include performance indicators such as cost, the number of accounts audited, the number of recommendations agreed to, and an estimate of the value of savings identified.

This record of accountability is impressive compared with many other public bodies. But it is internally driven. While the National Audit Office and the Audit Commission have carte blanche to review and report on most of the public sector, it does seem anomalous that they alone should escape independent audit.

An independent body with an overview of both organisations would be the ideal remedy. But there is no obvious candidate and this would require a change in legislation. At a minimum the auditors should be subject to periodic performance audits with the results in the public domain.

Mary Bowerman is lecturer in public sector accounting at the University of Hull.

FINANCIAL TIMES FRIDAY MAY 21 1993

COMPANY SECRETARY

Construction Materials
Midlands

£35,000 neg

Our client is a key supplier to the building industry. Impending retirement creates a need for a young (30s) talented graduate or qualified company secretary to join this multi-site UK operation. Ideally, you will already have statutory compliance responsibilities plus some experience of real estate, insurance and corporate pension schemes to augment general secretarial duties. Some legal involvement and experience of a non-UK parent company would be a great advantage.

The challenging management environment should appeal to decisive but flexible practitioners who are technically sound, commercially aware and seeking increased responsibility and involvement.

Strongly motivated individuals with high energy levels should apply in writing with concise personal details to the company's selection advisors: Mandate Consultants Ltd (Ref 71F), 109 Jermyn Street, London SW1Y 6HB.

MANDATE

Financial Controller

c. £30k + benefits

Redix Micro Devices plc The Portable Systems People The Redix Corporation is an international, Salt Lake City based manufacturer of handheld computers and portable printers with customers in over 50 countries. To meet the criteria for this position you must be Qualified, i.e. ACA, CIMA or equivalent. Experience/Abilities: Focus is on general accounting, electronic manufacturing and foreign sales. Able to install, programme, train users on integrated manufacturing/accounting system (Micros-Orionware package). Strong understanding of standard cost system, inventory tracking and job cost analysis. Experience in handling export documentation, foreign letters of credit, credit control, accounts, etc. Can meet deadlines for corporate planning, producing budgetary statements, special reports, as well as audit and statutory recording requirements. Possess supervisory skills; good communicator, leadership and team building qualities.

Interested candidates should send a full curriculum vitae with details of current salary, employment references and availability to: Mrs Marquette, Redix Micro Devices plc, 3 Chancellor Drive, Wymbury, Milton Keynes MK2 8DA, Tel: 0808 561401

Assistant Treasurer

Major Retail Group

c.£45,000 + Benefits

London

Challenge for a young finance professional with outstanding analytical skills to build a career in corporate Treasury. Ability more important than experience.

THE COMPANY

- Multi-billion pound turnover international retail Group.
- One of Britain's most respected companies. Unbroken record of growth.
- Very lean head office with emphasis on exceptional management quality.

THE POSITION

- Control Treasury accounting and operations and manage interest and currency risks.
- Evaluate and negotiate creative funding and investment opportunities.
- Identify market opportunities through close monitoring of the yield curve and the application of financial engineering.

Please reply in writing, enclosing full cv, Reference BM1880
54 Jermyn Street, London SW1Y 6LX



London 071 493 6392
Bristol 072 291142 • Glasgow 041 204 4334
Aberdeen 0224 638080 • Slough 0753 819227
Birmingham 021 233 4656 • Manchester 0625 539953

N.B. SELECTION LTD
a Norman Broadbent International
associated company

FINANCE DIRECTOR

BOARD-LEVEL FINANCIAL MANAGEMENT ROLE WITH A MAJOR ENGINEERING DIVISION

Based West London

c.£50,000 + car + benefits

Our client, part of a highly respected and successful European construction group, is currently seeking a Finance Director for its c.£100m-turnover engineering division.

In this newly-created board appointment, you will be responsible to the divisional managing director for the financial management of the division's four operating companies. Your challenge will be to develop broad financial strategy and integrate financial control and management information systems across the division. A qualified accountant (ACA, ACCA or CIMA), you will probably already be operating at board level and have at

least 10 years' financial management experience, some of which must have been gained with a large group. Experience of the construction/contracting industry is essential. Knowledge of implementing IT systems and consolidating and streamlining multi-company accounting systems is particularly important. This is clearly a high-profile role which calls for strong interpersonal skills and commanding presence.

The salary, which reflects the importance attached to this position, is supported by a comprehensive range of benefits including executive car, contributory pension scheme, and private health cover.

Please send a full cv which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Ref: H7041/FT, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

PA Consulting Group

Creating Business Advantage

Executive Recruitment • Human Resource Consultancy • Advertising and Communications

KINGFISHER

Corporate Auditors

CENTRAL LONDON

Kingfisher is a highly profitable and expanding retail group which includes such household names as Woolworths, Superdrug, Comet and B & Q. It is looking for three auditors to add to its newly formed Corporate Audit department. The department will provide assurance to the board on the adequacy of commercial and financial control systems. The roles are London based involving travel to locations in and around the UK, with the possibility of European travel in the future.

The ideal candidates will be graduates in their mid to late 20s, hold a professional accountancy qualification (ACA, ACCA, CIMA), and have experience in either internal or external audit, including computerised environments.

The ability to work unsupervised and to play an active part in formulating and developing a successful audit plan is essential. Successful recruits will also have

excellent communication skills; being able to present findings at all levels, both in written form and orally. Emphasis will also be placed on the potential candidates' ability to pass on skills where necessary.

A hands on, "no nonsense" approach, proof of the required communication skills and an appreciation of the commercial impact of any findings, must accompany a good academic record.

Opportunities within the Group are outstanding. Kingfisher is committed to a policy of career development and successful candidates can expect promotion within 3 years.

For further information, please contact Lucy Bensell or Mark Gilbert ACA on 071 404 3155. Alternatively write, giving brief details, to the address below. All enquiries will, of course, be treated in the strictest confidence.

Alderwick Peachell

& PARTNERS LTD

Alderwick Peachell & Partners Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071-404 3155. Fax: 071-404 0140.

SPALDING

c. £35,000 + CAR

Finance Director

This £5 million turnover, privately owned business is one of the UK's leading suppliers of bulbs and plants direct to the public by mail order. It also has significant business supplying major retail chains.

As their first Finance Director you will be expected to bring the depth of tight financial control and discipline necessary to allow the business to stabilise and move forward in these difficult trading conditions. There will be strong emphasis on systems development, costing, pricing, stock and cash control.

A qualified accountant, you will have good all-round financial management strengths with particular abilities in systems, planning, budgeting and cash control. Sound

commercial common sense and the ability to make a wide contribution beyond pure financial parameters is essential. You must be analytical and of ease in a small company culture whilst implementing larger company disciplines.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference JE246 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

BALANCING IN A GOOD CAUSE

PART-TIME FINANCIAL CONTROLLER

FOR HOMELESS INTERNATIONAL
COVENTRY

Homeless International is an agency which

supports social housing projects in the

most deprived areas of the world. As we

grow, the need is for skills that we cannot

afford to purchase in the market rate.

If you are an experienced financial

manager with a good general knowledge

of government, legal issues and general

management, we offer job satisfaction,

moderate remuneration, flexible working

hours and the opportunity to join a

worthwhile financial circus.

Information and application forms:

Homeless International 5 The Butts, Coventry CV1 3GH. Tel: (0203) 632802.

Fax: (0203) 632911.

مكتاب من الأهم

GENERAL MANAGER

FINANCE & ADMINISTRATION

AGE: 40+

SALARY: £25-30,000

LOCATIONS: CHICAGO & HONG KONG

We are an international leader in the field of Corporate Event Management employing over 250 professionals in nine offices worldwide.

Due to the Company's expansion we are seeking to appoint two individuals to head up the Finance/Administration functions in our Chicago and Hong Kong offices.

We are seeking a mature Manager with in-depth experience of General Management beyond purely the Finance and Adminstrative function, preferably within a sales orientated company.

The successful applicant will take a hands-on approach to all administrative functions and possess negotiating and leadership qualities as well as the general management skills required by a senior member of the management team.

Please send your C.V. in strict confidence quoting reference C.M.1 to:

The Human Resources Director, 46/47 Pall Mall, London SW1Y 5JG

EUROPEAN AUDIT MANAGER

ACA/FCA

Midlands Based

Circa £40,000

This \$5 billion turnover International manufacturing and distribution Organization operating in 27 countries has recently reported outstanding sales and profit growth. A worldwide leader in its field, it manufactures and markets vehicular and industrial components for original equipment and replacement parts markets.

Reporting to the Vice President of Worldwide Audit, this newly created senior position will have responsibility for performing financial and operational control audits and special projects in the UK and Continental Europe. Prior experience of

recruiting, managing and motivating professional staff would be advantageous.

The successful candidate must possess a thorough knowledge of the manufacturing/distribution industry preferably with an international perspective. As a Chartered Accountant, you will demonstrate strong financial accounting skills and experience of conducting due diligence and post acquisition reviews. Strong analysis and programme evaluation skills are essential. In addition, the individual must be able to command the respect of Finance Directors and team members in the field.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

Chief Internal Auditor

c.£40,000

North Kent

business focused strategic role

Black Horse Financial Services is one of the country's fastest growing financial services groups. Operating within a highly competitive marketplace, we have both the vision and the commitment to quality products and services to maintain the energetic pace of growth that has been our success for almost a decade.

In an environment which is traditionally exposed to fraud and risk, your role is to develop and direct the strategy of a department key in protecting our assets. As such, you will be responsible directly to the Finance Director for the audit policy of the company across all divisions and functions.

Able to take a wider, business focused view of our operations, you will appreciate the impact of your recommendations across the company and will possess the communication skills necessary to gain acceptance. Such a high profile 'consultancy' role will, of course, have an impact on our business policy and overall strategy.

With substantial internal audit experience in the financial services sector and a relevant business degree, your management ability is well defined. In addition, you have developed a thorough working knowledge of financial business systems and related internal, control and resource management.

Naturally, your highly professional approach includes demonstrable leadership and motivational skills and the ability to adjust your style to the appropriate audience. Good analysis and judgement skills are essential as is the ability to be decisive and take ownership for your actions accordingly. We offer a benefits package that includes an attractive salary along with an excellent company pension scheme, and performance related pay reviews.

If you can deliver results at a strategic level, please write with full CV and covering letter outlining your current salary and achievements to: Catherine Farrant, Senior Personnel Officer, Black Horse Financial Services, Mountbatten House, Chatham, Kent ME4 4JF. Tel: 0634 836449.

Black Horse
Financial Services

Group Financial Controller

Director designate

c.£50,000 + car

West Country

Our client is a leading book manufacturer with expanding markets both in the UK and overseas. Turnover of the privately-owned group is over £25 million with much of the profit re-invested in new plant and machinery.

Responsibility will be for all aspects of the finance function of group companies. You will also be a member of the board of the major subsidiary. Additional responsibilities and promotion to the Group Board are envisaged later this year.

The role is operationally 'hands on' but with a strategic content. You will also be Company Secretary and have responsibility for associated company matters. A key objective will be to provide more 'user friendly' support to line management.

MEL International
CONSULTANTS IN SEARCH AND SELECTION

FINANCIAL ANALYST

c.£27-30,000
+ Car

Milton Keynes

Our Client, one of the fastest growing companies in Europe, is a highly prestigious blue chip leader in the telecommunications industry. Substantial investment in the latest technology, and the best people - will ensure that they continue to build on their outstanding achievements to date. This company recognises the importance of controlling and sustaining growth through in-depth commercial analysis and careful financial planning.

An opportunity exists to work within financial planning and analysis and join a team of dedicated specialists responsible for maximising profit opportunities. We're looking for an individual who is strong on analysis and evaluation: a commercial problem solver with good communication skills, who will provide support in a whole range of areas, including performance management, service and product forecasting. Investment appraisal, competitive advantage analysis and the development of service level agreements. Ideally, you will be a qualified Accountant with at least 2 years' post qualification experience, gained in a large corporate commercial environment.

So if you have the energy, flair and commitment to make a positive contribution to the future of this company, its success story could be yours. Our Client offers real job satisfaction, a commitment to personal and professional development and a full range of large company benefits.

Please apply directly to Shelly Mallett or Charles Macleod at Robert Half, Walter House, 418 The Strand, London WC2R 0PT. Telephone 071-836 5545. Alternatively, fax your details on 071-836 4942.

ROBERT
HALF
THE HUMAN FACTOR

FINANCE DIRECTOR

Aberdeen

c. £35,000 +Car

+ Substantial Profit Related Bonus

Hall & Tawse Scotland Ltd is one of Scotland's leading construction companies with over 1,000 employees and a turnover of £70 m. The head office is based in Aberdeen, and the company has a regional office in Glasgow and operational offices in Broxburn, Perth, Elgin and Fraserburgh. The company is part of Raine plc, who were recently listed in the top ten construction groups in the UK.

* The Role

Responsible to the Managing Director of Hall & Tawse Scotland Ltd for the financial management of the company.

Expected to contribute actively to the commercial management and strategic development of the business throughout Scotland.

HALL & TAWSE
A Subsidiary of Raine Plc

Please reply enclosing full CV to: Mr Iain Moir, ASA International Limited, 498 Union Street, Aberdeen AB1 1TS. Tel: 0224 648062

Director of Finance & Administration

An exceptional opportunity to play a key role in a successful City law firm

City

c.£100,000 + benefits

Following a major structural and strategic review, our client, a highly successful international law firm now wishes to appoint an outstanding individual to the post of Director of Finance and Administration.

The post is exceptional in that it will require a wide range of skills, experience and confidence on the part of the individual as well as energy and drive. The appointed candidate will report to the Chief Executive and will be a member of the Partnership Council. He or she will have responsibility for providing clear management data, a coherent financial strategy and first class day-to-day administration for the firm as a whole. This will involve overseeing a workforce of around 100 people involved in facilities management, IT, finance and accounts plus close liaison with the partners and fee-earners.

As this is a new role the challenges cannot be underestimated. Successful candidates are likely to be graduate chartered accountants who can already demonstrate achievement as a Finance/Administration Director in the services sector. Experience of working for a professional partnership would be regarded as a plus and a strong "hands-on" IT background is essential.

Candidates are likely to be high achievers who have enjoyed success early in their careers, possess excellent interpersonal skills and can influence and persuade at the highest levels. Interested candidates should write enclosing full career and salary details to Anna Ponton, quoting reference J0752.

KPMG Selection & Search
1-2 Dorset Rue, Blackfriars, London EC4Y 8AE

The Littlewoods Organisation plc, one of Europe's leading and most diverse retailing operations, is seeking to recruit an experienced Group Taxation Manager.

With a total Group turnover of £2.7 billion, the Organisation offers a unique and challenging opportunity for a taxation specialist who can demonstrate a proven track record within major industrial or retail organisations.

Operating at a senior level from the Group's Merseyside headquarters, the successful candidate will be responsible for the Group's tax planning and compliance, reporting to the Group Finance Director.

Regular liaison with senior line management and with external advisors is necessary to ensure that appropriate taxation strategies are developed. The Group is currently expanding overseas, has significant property interests and a number of joint venture activities.

GROUP TAXATION MANAGER

Candidates should have wide experience of acquisitions/divestments and transfer pricing as well as corporation tax, VAT and income tax. The ability to communicate complex issues clearly is desirable.

The rewards for the successful candidate include a highly competitive salary, commensurate with the position's seniority and responsibility. We are also offering a company car, contributory pension scheme and other benefits associated with a large progressive organisation. Relocation expenses are available.

If you believe you have the depth of experience and this is the challenge you are seeking, please write in strictest confidence with full c.v. and details of current remuneration package to Mr Stuart Roberts, Group Personnel, 11th Floor, The Littlewoods Organisation plc, 100 Old Hall Street, Liverpool L70 1AB.

Littlewoods
ORGANISATION · PLC
We are an equal opportunity employer

Commercial Manager

Independent School

Attractive location

Changing patterns of education have presented independent schools with a considerable challenge to which the best are responding with vigour and a realistic approach to market conditions.

One such school now wishes to appoint a Commercial Manager to join its management team working with the Headmaster to control and develop a thriving medium sized business.

Applicants should be under 45, graduates, and have broad commercial experience with good financial and people management skills. An interest in children and education is important as the role involves active membership of a community with about a thousand co-educational pupils.

A competitive salary will be offered with normal benefits and the opportunity to educate one's children at a considerably reduced fee level.

Please write including full career details quoting ref: 3343/1 to:
Mason & Nurse, Associates
126 Colmore Row
Birmingham B3 3AP
Offices in London & Birmingham

Mason & Nurse
Executive Search

Outstanding Development Opportunities For High Calibre Achievers

This £55m turnover company has industry leading products and an established blue chip client base. As part of an international group it has tremendous global market opportunities. It is highly profitable, customer focused and entrepreneurial in style. The high growth trends of the last two years are now expected to accelerate. In this environment change is a constant and the finance function is currently seeking three outstanding young accountants to play leading roles in the next phase of company's development.

Western Home Counties - c £35,000 + Car

FINANCE MANAGER

This position will take responsibility for reorganising and developing financial accounting and reporting, leading a team of nine including two accountants. The role will demand excellent technical ability, but more importantly you will need strong leadership, communication and team building skills. The successful candidate will be quick to identify development goals and from there plan and carry through the necessary changes to raise the profile and effectiveness of this function. You will need the confidence and judgement for independent decision making and the ability to think outside the box to deliver implementation, guidance and development paths to subordinates. You will be expected to deliver practical results on technical and systems issues. To drive this process of change you will need to be assertive, resilient and adaptable.

All of these appointments offer excellent prospects to graduate calibre qualified accountants aged up to 30. Most probably trained in a blue chip corporate or professional environment you will then have earned some 'sharp end' experience. The post requires excellent technical skills, mental agility and strong systems knowledge. Emphasis will be placed on your ability to manage small teams at a time of great change and to deliver practical solutions to real business issues. Proactive candidates who can create structured solutions without recourse to established corporate procedures will succeed.

HEAD OF MANAGEMENT ACCOUNTING

Planning and managing business requires accurate, timely and flexible information gathering and organisation. This function has wide ranging scope for development; the task is to merge into a technically advanced, business focused, creative function which operates closely with non-financial management. All budgeting work will be under your control but an equal emphasis will be developed on commercial analysis, planning and strategy. A key criterion in candidate selection will be proven experience of systems development and enhancement. You will be expected to assimilate rapidly a keen understanding of the challenges facing the various business functions and to relate these to information requirements and structures. Leading a small team you will need to be articulate, persuasive, practical and results oriented.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Northern Home Counties - to £32,000 + Car

BUSINESS UNIT FINANCE MANAGER

In the head finance role within this £75m turnover autonomous business unit, you will be responsible for a whole range of finance disciplines, including management accounting, systems implementation, sales order processing, billing and planning. You will need to demonstrate an ability to work within a cross-functional management team at business unit level, making a major contribution towards the profitable development of the business, while working effectively with the finance group in the main business. The pivotal nature of the role will mean you must already possess the strong communication and technical skills necessary to build a rapid path to senior management. Reporting directly to the main finance group, you will have a strong dotted line to the local Business Unit Manager and will have responsibility for the further development of controls and procedures within the business unit.

Candidates should write to Richard Wilson
at Michael Page Finance, Windsor Bridge
House, 1 Brocas Street, Eton, Berkshire SL4 6BW
making clear which appointment is of interest.



European Retail Financial Controller Middlesex

Timberland has developed the first guaranteed waterproof boot. Timberland is also committed to quality, high value and innovation. The company has gone from market share and growth to market leader in high quality boots, bags, apparel and accessories and in the process it has established the most recognised brand. The Timberland Group is now a world leader in the fast-expanding casual wear and apparel market and has a substantial worldwide turnover.

In line with our three year business plan for 1993, the UK company is looking for a new European Retail Financial Controller to help us to take the European Manager, and all offices, to the next performance level. The successful candidate will be required to manage the European retail business, and will be based in the following location:

Headquarters: London, UK
Retail locations: France, Germany, Italy, Spain, Portugal, Switzerland, Austria, Belgium, Netherlands, Sweden, Norway, Denmark, Finland, Ireland, UK



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

SYSTEMS ACCOUNTANT

Migrating to AS400, we're seeking a talented Change Manager to drive the project and move into a senior accounting role
c£28K + employee vehicle scheme + benefits - Redhill, Surrey

Toyota (GB) Limited is the sole distributor of Toyota vehicles in the UK, with over 250 dealerships. Now that Toyota's new car manufacturing plant at Burnaston, Derbyshire, is up and running with the exciting Corolla 'E' model, we're geared up for major sales development.

The company's systems are to migrate from ICL to IBM AS400, and to manage the change within Head Office Accounting we're seeking for a talented Systems Accountant. The brief will entail a complete review of current systems to determine requirements, identify areas for streamlining and integration, and evaluate the most suitable software systems for the future. Reporting to the Finance Operations Director, you'll have responsibility for implementing the chosen programmes and handling the training of staff. As a Change Manager you'll need excellent interpersonal skills to promote the benefits of new procedures and ensure enthusiastic acceptance of the new regime. Ideally a graduate with ACA or ACCA qualifications, you'll be experienced in the selection, development

and implementation of accounting systems, preferably in fm/cg types of business. Familiarity with IBM AS400 would be a major advantage, as would a proven track record of change management within a large department.

If you have the abilities and the temperament to take this project through to a successful conclusion, you can look forward to a subsequent role in a senior accounting position and excellent prospects beyond. The benefits on offer include 5 weeks' holiday, BUPA, non-contributory pension and employee vehicle scheme.

Please write with your full cv, quoting ref: 690, to Terry West, Managing Director, Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.



Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Finance Manager

Lagos, Nigeria \$70-80,000 + Expatriate Benefits

Bredero Price, a subsidiary of NYSE listed Dresser Industries, is a contracting engineer and undisputed world leader in the coating application of pipes for the oil and gas industries. Expanding and profitable, the group is benefiting from growth in all its markets. The Nigerian operation services state and independent operators in both the oil and gas sectors.

Part of the small and informal management team, the Finance and Administration Manager will be based in Victoria Island, Lagos though travel will be required to visit customers, company operations, financial and government institutions and UK corporate headquarters. You will have

"hands on" responsibility for all day-to-day finance matters as local administrative support is limited. Nevertheless, you will spend much of your time on project work including business development and bid preparation, bank liaison and foreign exchange/cash flow management.

Strong on financial control and cash flow monitoring, you will probably have a heavy engineering background.

Experienced in the costing and financial management of contracts, you will have a record of successful negotiations with customers, suppliers and banks. Exposure to the taxation, treasury and legal aspects of offshore companies would be an advantage.

Interested applicants should write enclosing full career and salary details and quoting reference D/0023 to:

Mark Hartshorne
Executive Search & Selection

Price Waterhouse

Cornwall Court

19 Cornwall Street

Birmingham, B3 2DT

FINANCIAL ACCOUNTING MANAGER

Berkshire

c.£30,000 + Car



Silicon Graphics
Computer Systems

Appointments Advertising
appears every Wednesday
and Thursday (UK)
and Friday
(in the International
Edition only)

CITY TREASURER

£44,028 to £48,546

(Ref 4510)

The City Council has recently appointed Mr J C Willis, the present City Treasurer, as Chief Executive with effect from 24th September, 1993. We are now looking for a new City Treasurer to provide effective financial management.

Salford with a population of 240,000, is a major City and is the Lead Authority for Greater Manchester Police and has a reputation for innovation and a high level of service delivery. The City Council has a gross revenue budget of over £350M and the Police Authority a gross budget of over £300M. The person appointed will also act as Treasurer to the Police Authority.

The role demands a dynamic and experienced professional with an approved accountancy qualification and with a successful track record in financial management, preferably in the Finance Department of a Local Authority.

The City enjoys a reputation for warmth and welcome, a strategic position, and combines an inner-city core with an attractive urban periphery, making it an ideal place to live and work.

Application forms may be obtained from the Personnel Manager, Salford Civic Centre, Chorley Road, Swinton, Salford M27 2BN, tel. 061 793 2507 (answering service after office hours). Minicom 061 793 2544 (hearing impaired applicants only). Please quote post reference in all communications.

We are striving to be an equal opportunities employer. Applications are encouraged from suitably qualified and/or experienced disabled persons.

Closing date: 4th June 1993.

MHH

MANOR HOUSE HEALTHCARE - N.W. London CHIEF FINANCE OFFICER - Package up to £50K

The Industrial Orthopaedic Society is a Major Friendly Society with an annual turnover in excess of £13m, providing health care to members within industry and commerce. We are currently developing opportunities offered by the new Friendly Society Act.

We need a commercially driven, innovative finance professional with a proven track record of successful management of change, to plan and implement new financial strategies in the highly competitive field of health care.

A qualified accountant with sound business achievements, considerable experience at a senior level and a working knowledge of I.T., you will play a full and pro-active role in developing strategies for success. Strong leadership and influencing skills are essential, together with the ability to form good working relationships at all levels in an organisation with a diversity of skills and cultures.

It is unlikely that anyone under 35 will have the maturity and experience for the demands of this post.

If you can meet this challenge find out more by contacting Janet Baker, Personnel Manager on 081 455 6601 at Manor Hospital, North End Road, Golders Green, NW11 7HX, an information pack is available.

DIRECTOR OF FINANCE

BIRMINGHAM

package c.£35,000

Friendship Housing is a dynamic housing association providing rented, shared ownership and community care housing throughout the Central Midlands. For almost 40 years, by deploying innovative yet practical solutions, we have achieved growth whilst promoting our clear values as a social housing and care organisation. This is how we define success.

We now need a Finance Director who will be excited by the challenge of working in an environment where change and innovation are the fundamentals of operation.

You will be both a manager and a strategist with wide ranging financial skills, including a detailed knowledge of capital markets and a successful track record in private finance negotiations. You will participate in the corporate management of the organisation and must therefore be experienced in business planning, budgeting, cashflows and have the ability to act as Company Secretary.

If you are seeking an opportunity to join a dedicated and professional team working in an expanding sector of the economy we would like to hear from you.

Friendship has an active Equal Opportunities policy, and for this senior post we especially seek applications from Black and Asian people, and women. We also welcome applications from people aged 40+ and people with disabilities, who are guaranteed an interview if suitably qualified.

For details and an application form
tel: 021-773 4941, (answering phone
after 5pm) or write to Hasmita
Farmer, 17 Braithwaite Road,
Sparkbrook, Birmingham B11 1LB,
quoting ref: 2.1.01.

Closing date: 7 June 1993.



مكتبة من المصحف

European Operational Review

£ Neg + Car
+ Benefits

THORN EMI Rental - Europe



Financial Controller

City

Securities

Excellent Remuneration



Our client is a high profile, British owned, international securities house. Its activities cover a broad range of equities and related financial products in the markets of Japan, Asia, Europe, the United States and Latin America.

Operating from 19 offices, the firm is excellently placed for further growth. It is continually exploring new methods of investment and actively participates in the development of synthetic and derivative products.

An excellent opportunity has arisen for a top calibre ACA who has had significant exposure to a dealing room environment, preferably with in-depth product knowledge.

Reporting to the Finance Director, the Financial Controller will be responsible for managing a team of 14 staff, covering all aspects of expenditure and revenue reporting, group consolidation and balance sheet reporting. This will involve significant exposure to senior management and the international offices.

The ideal individual will be aged 30 to 35 and will have worked within an International Bank or Securities House for a number of years. Experience in managing a multifunctional team and exposure to the design and implementation of IT systems would be an advantage.

The remuneration will include an attractive basic salary, an excellent performance related bonus, BUPA and Pension.

For further information in strict confidence telephone Robert Walker on 071-287 6285 (evenings and weekends on 081-464 0927). Alternatively, please fax a curriculum vitae to our London office quoting ref RW 1319.

WALKER HAMILL
Financial Recruitment Consultants

29-30 Kingly Street
London W1R 5LB

Tel: 071 287 6285
Fax: 071 287 6270

Finance Manager

This international brand leader in soft drinks, is expanding its operations in Prague and is looking for a talented, results-oriented finance professional with native Czech language ability to become a key member of the management team.

PRAGUE

Excellent package

From a start-up distribution operation, you will be responsible for installing all financial reporting systems, building, training and managing a high-calibre team, as well as developing strategic and annual financial plans and forecasts.

To meet this challenge it is essential that you provide the following:

- Graduate qualified ACA or equivalent
- Robust and energetic style of management along with patience and an ability to deal with people at all levels
- A minimum of three years financial management experience gained within a multinational environment
- A determination to succeed in a constantly changing and fast-moving environment

In return you will receive an excellent salary package and a career with one of the world's leading multinational employers. Opportunities for progression within this dynamic organisation will be limited only by personal ability.

Interested applicants should send a CV to Michael Pidford at Nicholson International (Search and Selection Consultants), Africa House, 64-78 Kingsway, London WC2B 5AH, or fax on 071 404 8128; or to Michael Tate at Nicholson International (Prague), Na Porici 17, 110 00 Prague 1, Czech Republic, or fax on 010 422 232 2925. Please quote job reference 9912. Alternatively call Michael Pidford on 071 404 5501 or Michael Tate on 010 422 232 2925 for an initial discussion.

n NICHOLSON INTERNATIONAL

Financial Controller

Financial Services

c.£40,000 + Bonus & Benefits

Exceptional opportunity for an outstanding finance professional to enter a diverse and expanding multinational plc.

THE COMPANY

- Well established, successful Finance House.
- Multi-site, autonomous subsidiary of growing plc.
- Strong market position, advancing market share and profitability.

THE POSITION

- Responsible for all financial and management information and interest rate management.
- Streamline management information process. Provide incisive Board reports to strict deadlines.

N B SELECTION LTD
a Norman Broadbent International
associated company



SE England

54 Jermyn Street, London SW1Y 6LX

London 0171 493 6392
Bristol • Glasgow
Aberdeen • Stroud
Birmingham • Newcastle

Assistant Financial Controller

Richmond c.£27,000 plus FX car

The Company: Simmons Magee Plc is a leading supplier of high quality micro computer and communications equipment, and associated technical services.

The Position: Reporting to the Financial Controller, the position entails (ultimately) operational responsibility for all areas of the accounts department, including production of management and statutory accounts, cash flow management, ad hoc projects, as well as assisting the Financial Controller in the effective running of the purchasing, distribution, personnel and quality functions within the company.

The Person: The successful candidate will be a newly qualified ACA with drive, enthusiasm, common sense and with the ability to think on their feet. Commercial awareness is essential. Advanced spreadsheeting skills would be a positive advantage. The environment is hard working and fast moving, and requires a temperament to match.

Please forward your CV, in strictest confidence, to Simon Hosking at Simmons Magee Plc, 1 Dee Road, Richmond, Surrey TW9 2JN. No Agencies

MERIDIAN TRADING CONTROL

£25-30,000

Small successful Int'l Capital Markets group seeks a young ambitious professional with exp in Trading Control in Int'l Bonds/Equities. Experience must include reporting, P&L, Balance Sheet, SFA fin. reg. combined with excellent computer literacy. Please call Alex Bumerow for more information.

071 255 1555

RECRUITMENT CONSULTANTS

EUROPEAN FINANCE MANAGER

c.£40,000 + Bonus + Car
London Location

International Data Corporation (IDC) is the world's leading provider of market research and consulting on the information technology industry. This is a new, high profile position which reports directly to IDC Europe's President. The successful applicant will work with IDC's subsidiaries throughout Europe and develop improved financial reporting, budgeting and controls, critically appraise results and provide advice to senior management.

The role calls for an experienced financial manager with strong interpersonal skills and the commercial acumen necessary to work with multiple business unit managers throughout Europe. We require a qualified chartered accountant with at least 5 years' experience in a multinational company. Experience with a professional services, consulting or market research firm is preferred. Strong financial analysis skills are required. Fluency in two or more European languages is preferred. Considerable travel will be necessary.

If you wish to pursue a challenging career opportunity in an entrepreneurial business environment, please send your CV to Shirley Horrocks, International Data Corporation, 2 Bath Road, Chiswick, London W4 1LN.

IDC
International Data Corporation

FINANCIAL DIRECTOR

A successful newspaper publisher and contract printing company, part of an International group, seeks a financial director who will not only help us to crunch our numbers, but make a big contribution towards continuously improving them. Computer literacy would be useful. But drive, initiative, ambition and general management skills are more important. Our parent company, Trinity International Holdings, are expansionist and have a policy of developing talent and promoting from within. So opportunities for further advancement in Trinity are good. Your salary and benefits will reflect the key role we want you to play.

We are based on the scenic North Wales coast, on the edge of the Snowdonia National Park, but Manchester and Liverpool are within 90 minutes drive time, and Chester is 45 minutes away, so we've got the best of both worlds.

Write in full, stating salary, to: Chief Executive, North Wales Independent Press, Llandudno Junction, Gwynedd, LL31 9SL. Mark your envelope "Finance Director Application".

Société de produits de luxe recherche un

pour seconder l'analyse-financier dans la mise en place des états financiers, du suivi de la trésorerie, du budget et du reporting.

Une expérience comptable de 3 à 5 ans, de préférence dans un cabinet d'audit (bonne connaissance comptabilité anglo-saxonne), est indispensable.

Bilingue anglais et maîtrise de la micro-informatique.

Merci d'adresser lettre manuscrite, CV, photo et salaire souhaité sous ref. 3735/FT à

HCA, 10 rue du plâtre, F-75004 Paris, qui transmettra.

ASSISTANT ANALYSTE-FINANCIER

Excellent Opportunities for High Calibre Finance Managers

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MOD. We also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

These changes have generated the need for a significant programme of cost reduction, market testing and cultural change in the support services of the DRA. To push these initiatives through to a successful conclusion we need to recruit a number of dynamic, able, flexible and commercially minded Finance Managers for the support services area of DRA.

Financial Controller, Engineering - Farnborough c. £30,000

This position reporting to the Engineering Services Director, heads the team developing and implementing financial management initiatives within this £70M per annum sector, which largely supplies internal customers. The role is highly operational in nature and responsibilities include the co-ordination of annual budgets and forecasts, the review and analysis of divisional reports and forecasts, and the provision of timely financial and management information and advice to senior management in Engineering Services. A major involvement in the market testing of in-house operations is about to commence.

Candidates should be qualified accountants with about 5 years' post qualification experience in a large corporate environment. The ability to manage a dispersed team, while communicating with individuals at all levels and of all disciplines throughout the organisation is essential.

Management Accountants

Farnborough and Portsmouth c. £24,000

These positions report to senior managers within the Site Services sector, which provides the services necessary to operate sites and to support business sector operations thereon. The role is similar to that of the Engineering Financial Controller but each post covers a geographic area of overall Site Services operations. The posts report functionally to the sector Financial Controller.

Candidates should either be recently qualified or passed finalists with strong communication skills.

Assistant to Group Financial Controller - Farnborough c. £20,000

Reporting directly to the Group Financial Controller, this position involves the co-ordination, analysis, and consolidation of annual budgets and monthly forecasts for the four support service sectors of the DRA; review of capital expenditure proposals; and ad hoc projects in relation to the whole support services area of DRA (current cost circa £200M per annum).

Candidates should be passed finalist or part-qualified accountants with good computer skills.

These appointments will initially be for a fixed term of three years with the possibility of extension to 5 years. Relocation expenses may be available.

To apply for any of these appointments please contact us for an application form quoting Ref: FT/12.49/93. Specialist Recruitment Office, DRA Portsmouth, PORTSMOUTH, Hampshire, PO6 4AA. Tel: (0705) 334455/333632, (0705) 385285 (24 hr.).

Closing date for receipt of completed applications is 3rd June 1993.

THE DRA IS AN EQUAL OPPORTUNITIES EMPLOYER



FINANCIAL DIRECTOR

Oxford Clinical Communications, a leader in the Medical Communications industry, has a deserved reputation for excellence in customer service, by producing creative high quality medical education programmes to support the marketing demands of leading worldwide pharmaceutical companies.

To strengthen our team, we wish to recruit a Financial Director who has the vision to help us create the company strategy for future growth, combined with the ability to get involved on a day-to-day basis with the provision of an effective and efficient accounting service to the company.

The successful candidate will be a qualified accountant, with at least 5 years' experience at a senior level, including both management and financial accounting, and preferably with experience of project-based accounting, international operations, acquisitions, treasury and tax. Your financial skills must be combined with a personality that will feel at home in this young creative company.

The position carries an excellent remuneration package including company car and pension provision.

Please send your CV, marked for the attention of Barry Aiken, to Oxford Clinical Communications Limited, 213 Barns Road, Oxford OX4 3UT.

FINANCE MANAGER

£27,000 - £32,000 + Bens

Our client, a prestigious banking organisation, is seeking a qualified ACA, ACCA or CIMA Accountant. Possessing a minimum of 1 years commercial post qualification experience and a high level of P.C. literacy. Your will supervise two sub-departments, 18 staff, producing financial and management accounts and streamline systems. Career prospects are excellent and our client envisages promotion with 12-18 months. For further information call Justin Bradley on 071 495 1481 or fax your CV on 071 495 1301.

Parker Bridge Consultants, Abbott House, 1/2 Hanover Street, London W1R 9WB.

COMMODITIES AND AGRICULTURE

Rhodium plunge forces Westplats to close shaft

By Kenneth Gooding,
Mining Correspondent

THE COLLAPSE of rhodium's price has forced Western Platinum, the world's third-largest platinum group metals producer, to close a shaft at its biggest mine in South Africa and to lay off 1,500 people or 10 per cent of the workforce.

This was revealed yesterday by Mr Terry Wilkinson, Westplats' managing director in an otherwise upbeat presentation to the Association of Mining Analysts in London.

Mr Wilkinson pointed out the group put the shaft on care and maintenance only to cut costs and to ensure that Westplats' borrowings did not rise above the present R800m (£106m). Westplats' rhodium output, scheduled to be about 50,000 troy ounces in the financial year to end-September, would not be affected because production would be increased in other mining areas.

Rhodium, an essential material for some automotive anti-pollution catalysts, raced up to a record \$7,000 an ounce in 1990 but had fallen back to

\$1,850 by the end of last year and recently fell to about \$800 an ounce.

In its annual survey of the platinum metals market published earlier this week, Johnson Matthey, the world's biggest platinum marketing group, warned that the recent rise in platinum's price was unlikely to compensate the South African producers for the fall in rhodium and that production cuts might have to be made.

Mr Wilkinson suggested there was a small supply surplus of platinum last year but Mr Wilkinson said his impression was that the platinum and rhodium markets were in balance.

Westplats sells directly to only 14 customers - including Esso in the US and Mitsubishi in Japan - and Mr Wilkinson said that there had been no sign that they had been using rhodium from stock.

Westplats aims to produce 480,000 ounces of platinum this year and by 1995 expects annual production to include 550,000 ounces of platinum and 65,000 ounces of rhodium. Mr

Wilkinson said the group's recent expansion had been, and would continue to be, driven by demand from a small group of customers. "We would not put platinum into the spot market."

He said that Westplats was "over the capital expenditure hump" and needed to spend only about R40m a year for some time. No decision had yet been taken on various methods of reducing debt but a rights issue had not been ruled out.

Mr Wilkinson pointed out, however, that Mr Dieter Bock,

new chief executive of Lonrho, which owns 73 per cent of Westplats, had said that Lonrho would retain at least 51 per cent of Westplats. Gencor of South Africa owns 27 per cent of Westplats and has indicated that it would like to increase its stake.

Analysts said that positive tone of the presentation, during which Mr Wilkinson said Westplats was the lowest-cost platinum metals producer with the highest profit margins, implied the company was being readied for stock market flotation.

Sagging rubber prices put pact in jeopardy

Kieran Cooke on next week's crucial meeting between producers and consumers

THE FUTURE of the International Natural Rubber Agreement will be decided next week when producing and consuming countries meet here to make one last attempt to avert the collapse of one of the world's more enduring commodity

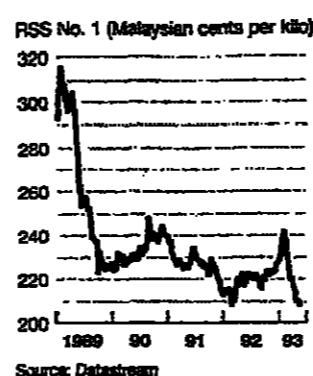
The negotiations - under the auspices of the International Natural Rubber Organisation - come at a time when rubber prices have slumped to their lowest level in real terms for more than 30 years, partly because of uncertainties about the future of the agreement.

"I just hope some compromise can be worked out," said a delegate from one of the consuming country members. "When it comes down to it, the abandonment of Inra is in no one's interests - the producers are going to suffer the most if it collapses."

The early signs are not good. Indonesia, Thailand, Malaysia, Sri Lanka, Nigeria and the Ivory Coast, together accounting for about 80 per cent of global natural rubber production, are on one side of the Inra negotiating table. On the other side are the European Community, the US, Japan, China, the Commonwealth of Independent States and some smaller consumers.

The producers are pricing as the main issue. They say that

Rubber



RSS No. 1 (Malaysian cents per kg)

Source: Datamex

Thailand's Agriculture Ministry will seek cabinet approval this month for a special 500m baht (£13m) budget to be allocated to finance a government effort shore up weak rubber prices, reports Reuters from Bangkok.

Mr Sanit Samosorn, director of the Rubber Research Institute, said the budget, together with similar previous allocations, will enable the government to buy 30,000 to 40,000 tonnes of unprocessed rubber.

He said the government fund was aimed at keeping the price of domestic unsmoked sheets US\$3-3 at B17 a kilogram, compared with the present market price of B15.50-16.00.

He said that the ministry would also ask the central bank to extend short-term soft loans to private and state-owned agricultural co-operatives to help them stock more rubber.

The concessionary loans will carry a 5 per cent annual interest rate, compared with the 15 per cent commercial banks charge small borrowers.

"We want Inra but not at any cost," said Mr Lim. "Producers must protect themselves. They should not allow themselves to be trampled on by the rich and powerful consuming countries."

Producers have threatened to bring in their own pricing mechanisms if the agreement collapses, setting export quotas for producer countries in an effort to drive up prices. But producers privately admit that with a large number of rubber deals now being concluded on a direct producer-to-buyer basis rather than through an international exchange, such a system would be very difficult to implement.

Producers face a further dilemma in that if the agreement does collapse then nearly

200,000 tonnes of natural rubber, stockpiled by its buffer stock manager will start being sold on the open market, exerting further strong downward pressure on world natural rubber prices.

This might all sound like good news for the consumers. But in the medium to long term they would also face problems. Consumers need security of supply, but if prices continue dropping then inevitably more producers will go out of business and eventually world supply will contract.

The concessionary loans will carry a 5 per cent annual interest rate, compared with the 15 per cent commercial banks charge small borrowers.

Even in the short term the consumers would face difficulties if the agreement was abandoned. Inra has provided some sort of global framework for the rubber industry and, for all its limitations, a pricing guide.

Consumers do not relish a free-for-all in the rubber market, with all the extra negotiations and paper work that would entail.

A Malaysian negotiator at the talks says that if what he calls enlightened self interest prevails, then Inra might yet be saved. "But there is a lot of belligerence about. I'd put the chances of saving Inra at only about one in three at best."

Bigger sugar deficit forecast

By David Blackwell

WORLD SUGAR production will fall 2.84m tonnes below consumption in 1992-93, according to Czarnikow, the London trade house.

The group's latest sugar review puts production at 111.6m tonnes, down 3m tonnes from the last estimate in February, and substantially below last year's 116.2m tonnes.

Consumption is now estimated at 113.9m tonnes, and 600,000 tonnes has been allowed for what Czarnikow terms "unrecorded disappearance". The deficit is well ahead of the International Sugar Organisation's figure of 1.6m tonnes, announced earlier this week.

It is not surprising that the market has moved sharply ahead," he said. "It is trying to find a new level."

For most of the six months between last September and February, the New York nearby raw sugar contracts were trading between 8 and 9 cents a lb. But as perceptions increased of much lower crops next year, the market was looking for signs of demand, which has been restricted by the higher price levels. "This market is fundamentally driven," he said, "but demand is a little cool for some of the rampant bulls to follow."

Yesterday in late trading it was at 11.98 cents a lb.

Czarnikow estimates Cuban production at 3.5m tonnes, on the high side compared with other forecasters but still well down on last year's 7m tonnes.

Analysts said the main issue is pricing as the main issue. They say that

India lifts foodgrain production target

By Kunal Bose in Calcutta

THE INDIAN agriculture ministry has raised its foodgrain production target for 1992-93 to 185m tonnes, encouraged by indications that this year's south-west monsoon will arrive on time and that rainfall levels will be normal.

Until recently the foodgrain production target was a subject of contention between the Planning Commission, which suggested a figure of 183m tonnes, and the agriculture

ministry, which wanted it to be pegged at 183m tonnes.

In addition to the monsoon hopes, the agriculture ministry has been induced to come round to the Planning Commission's view by a rise in the 1992-93 estimate from 17.6m tonnes to 180.3m. Few had expected that output would touch 180m tonnes as the monsoon broke late and there was drought in many parts.

The restoration of subsidy on phosphatic fertiliser in response to pressure from the

Production to be doubled at Amazonian gold mine

By Bill Hinckley in Sao Paulo

COMPANHIA VALE do Rio Doce, the state-controlled Brazilian mining group, is investing \$20m to double gold production at its Igarape Bahia mine in the Carajás region of the Amazonian state of Pará. Last year, output from the site was 4.9 tonnes.

When the new facilities come on line in mid-1994, CVRD's annual gold production capacity will stand at 17 tonnes. The company produced 11.3 tonnes in 1992.

Brazil's overall production

will probably remain about the

same as last year's 76.5 tonnes, however, predicted Mr Peter Rich, a consultant based in Rio de Janeiro. CVRD's growth is likely to be offset by a drop of from other mining companies. Some older sites are nearing depletion, and other inefficient operations will be unviable unless the metal's current price recovery becomes even more bullish, said Mr Rich.

Multinationals cannot be expected to invest unless there is a change in the constitutional restriction on foreign majority ownership of mining operations, he added.

The expansion of Igarape Bahia is part of a programme

designed to boost annual production to about 30 tonnes by the year 2000, said Mr Francisco Viveiros, CVRD superintendent of gold operations. That would make the company "part of the club of the world's biggest producers," he noted.

If that sounds ambitious, it must be remembered that CVRD produced just 17 tonnes as recently as 1989. "Brazil doesn't have a tradition of hard rock mining, but they've performed miracles," said Mr Rich.

To reach its goal, CVRD is investing about \$40m this year for prospecting and geological surveys, according to Mr Viveiros.

The expansion of Igarape Bahia is part of a programme

designed to boost annual production to about 30 tonnes by the year 2000, said Mr Francisco Viveiros, CVRD superintendent of gold operations. That would make the company "part of the club of the world's biggest producers," he noted.

If that sounds ambitious, it must be remembered that CVRD produced just 17 tonnes as recently as 1989. "Brazil doesn't have a tradition of hard rock mining, but they've performed miracles," said Mr Rich.

To reach its goal, CVRD is investing about \$40m this year for prospecting and geological surveys, according to Mr Viveiros.

The expansion of Igarape Bahia is part of a programme

It spent \$200 to produce an ounce of metal, less than the most efficient US and Australian producers, said Mr Viveiros. Factors helping to reduce costs are Igarape Bahia's proximity to infrastructure at the site, nearby Carajás iron ore site, and competitively priced hydroelectric power.

Mr Viveiros stressed the benefits of a "fly in-fly out" labour scheme, whereby miners and their families maintain their permanent homes away from the jungle site, decreasing infrastructure outlays, and cost-cutting negotiations with suppliers of processing chemicals and other inputs.

It spent \$200 to produce an ounce of metal, less than the most efficient US and Australian producers, said Mr Viveiros. Factors helping to reduce costs are Igarape Bahia's proximity to infrastructure at the site, nearby Carajás iron ore site, and competitively priced hydroelectric power.

Mr Viveiros stressed the benefits of a "fly in-fly out" labour scheme, whereby miners and their families maintain their permanent homes away from the jungle site, decreasing infrastructure outlays, and cost-cutting negotiations with suppliers of processing chemicals and other inputs.

Full capacity reached after expansion at Bolivian open pit

By Chris Philipson in La Paz

ASSIGNED CAPACITY at Inti Raymi's Kori Khollo gold/silver open pit mine in western Bolivia, which recently underwent a \$163m expansion, has now been reached according to Mr Alvaro Ugalde, the general manager.

The expansion of Kori Khollo was concluded in January. Inti

Raymi is 86 per cent owned by Battle Mountain Gold Company of Nevada. The remaining 14 per cent is held by Enimex, a Bolivian mining enterprise. Some older sites are nearing depletion, and other inefficient operations will be unviable unless the metal's current price recovery becomes even more bullish, said Mr Rich.

Expansion was prompted by the exhaustion of the pit's 80 tonnes of gold/silver oxide deposits. Exploration showed a further 60m tonnes of sulphide deposits below, with a grade of 2.3 grams of gold and 14.5 grams of silver per tonne. Following installation of a new carbon leaching plant, the sulphide deposits are now being exploited. The recovery rate is

64.2 grams of gold and 28.7 grams of silver per tonne.

Production of oxide deposit ceased in February. The production figures for that month were 15,400 ounces of gold and 131,000 ounces of silver. Mr Ugalde said overall production in 1992 reached 50,000 ounces of gold and 250,000 ounces of silver. Projected production for 1993 is 212,000 ounces of gold

and 900,000 ounces of silver rising in 1994 to 240,000 ounces and 1m ounces.

Funding for the company's expansion breaks down into \$95m from outside funding agencies, \$85m from Battle Mountain and \$1m from Inti Raymi itself. Mr Ugalde believes a gold price of \$330 an ounce is necessary to cover interest payments.

Chicago

SOYABEANS 5,000 bu min/cents/50lb bushel

Latest Previous High/Low

Jul 81/40 80/44 80/72 80/70

Aug 82/24 85/92 86/94 86/92

Sep 82/04 85/84 86/44 86/40

Oct 82/34 85/92 86/72 86/65

Nov 82/60 85/88 86/80 86/75

Dec 82/80 86/88 87/00 86/80

Jan 82/90 86/48 86/60 86/40

Feb 82/45 82/23 82/45 82/43

Mar 82/10 81/73 81/70 81/60

Apr 82/17 81/94 81/94 81/74

May 81/74 81/94 81/94 81/74

Jun 81/74 81/94 81/94 81/74

Jul 81/74 81/94 81/94 81/74

Aug 81/74 81/94 81/94 81/74

Sep 81/74 81/94 81/94 81/74

Oct 81/74 81/94 81/94 81/74

Nov 81/74 81/94 81/94 81/74

Dec 81/74 81/94 81/94 81/74

Jan 81/74 81/94 81/94 81/74

Feb 81/74 81/94 81/94 81/74

Mar 81/74 8

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

More pressure on the D-Mark

THE weakening of the D-Mark inside the European exchange rate mechanism continued to occupy dealers' minds yesterday, with sterling and the French franc performing strongly against the German currency, writes James Blitz.

Although the Bundesbank decided not to ease any of its official rates this week, the behaviour of market practitioners and central bankers might have led outsiders to believe that there had been a significant policy easing in Germany.

Yesterday, Ireland and Italy joined the growing band of European countries who have cut official rates in the wake of the Danish referendum result – and in spite of the unchanged Bundesbank discount rate.

Their ability to ease policy was justified by the fact that no European currency has weakened against the D-Mark in the wake of these moves. Yesterday, the Italian lira closed at L910 from a previous L914.9. The Irish punt remained firmly at the top of the hard core of currencies in the ERM grid.

However, the two most significant movers in Europe yesterday were currencies whose central banks have left policy unchanged.

The French franc closed more or less unchanged, but again broke down through the FFr3.37 barrier earlier in the day. The French currency's strength is that its central bank has replenished the reserves used when it was defending its position in the ERM.

Sterling was also the beneficiary of powerful inflows of funds, convincingly breaking through the DM2.50 barrier at closing in London at DM2.5100, its highest finish since January 13.

The pound benefited from the third consecutive drop in the UK unemployment figures, which took the market by surprise.

The dollar weakened slightly against the D-Mark yesterday, following a powerful move earlier in the week it closed down a pfennig at DM1.6135.

Although the D-Mark

has probably benefited more than most from that weakness, Mr Jeremy Hawkins, economic adviser at Bank of America in London, believes that the lira now looks tired, and that Scandinavian currencies may be the next beneficiaries of asset re-allocation.

He points out that the EC's

finance ministers are meeting in Denmark today and that a possible subject of discussion will be the re-peging of the Swedish krona and Finnish markka to the D-Mark.

The Swedish krona has been deviated by 20 per cent since its decoupling from the euro last year, and the markka by 19 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	May 20	London	Previous Close
5 Spot	1,539.0	1,539.0	1,540.0 1,540.0
1 month	1,539.0-1,540.0	1,540.0	1,539.0
3 months	1,539.0-1,540.0	1,540.0	1,539.0
12 months	1,539.0	1,539.0	1,539.0

Forward premiums and discounts apply to the US dollar

£ IN NEW YORK

	May 20	London	Previous Close
5 Spot	1,539.0-1,540.0	1,540.0 1,540.0	1,539.0
1 month	1,539.0-1,540.0	1,540.0	1,539.0
3 months	1,539.0-1,540.0	1,540.0	1,539.0
12 months	1,539.0	1,539.0	1,539.0

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May 20	London	Previous Close
5 Spot	80.8	80.5	80.5
1 month	80.8	80.5	80.5
3 months	80.8	80.5	80.5
12 months	80.8	80.5	80.5

Commercial rates taken towards the end of London trading. Sterling forward rates: 12/2-20/7-95, 12/3-20/8-95

CURRENCY RATES

	May 20	Bank of England	Morgan Guaranty	Commercial
5 Spot	80.8	80.5	80.5	80.5
1 month	80.8	80.5	80.5	80.5
3 months	80.8	80.5	80.5	80.5
12 months	80.8	80.5	80.5	80.5

5 Spot rate refers to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

5/12 rates refer to posted bank discount rates. These are not quoted by the UK, Bank of England and the Bank of France. All 3/12 rates are for May 13

4 pm close May 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Symbol	Name	High	Low	Open	Close	Chg.	Vol.	Wk. Chg.	Wk. %	Yr. Chg.	Yr. %
10002	High Low Stock	Mr	Yd	P	Wk	Chg.	Vol.	Wk. Chg.	Wk. %	Yr. Chg.	Yr. %
14511	High A/Cord	0.48	34	34	220	144	133	134	14	26	14
12412	High A/Cord A	0.18	37	45	149	144	133	134	14	26	14
12413	High A/Cord B	0.93	25	26	149	144	133	134	14	26	14
12414	High A/Cord C	1.00	20	21	149	144	133	134	14	26	14
12415	High A/Cord D	1.11	20	21	149	144	133	134	14	26	14
12416	High A/Cord E	1.20	20	21	149	144	133	134	14	26	14
12417	High A/Cord F	1.25	20	21	149	144	133	134	14	26	14
12418	High A/Cord G	1.30	20	21	149	144	133	134	14	26	14
12419	High A/Cord H	1.35	20	21	149	144	133	134	14	26	14
12420	High A/Cord I	1.40	20	21	149	144	133	134	14	26	14
12421	High A/Cord J	1.45	20	21	149	144	133	134	14	26	14
12422	High A/Cord K	1.50	20	21	149	144	133	134	14	26	14
12423	High A/Cord L	1.55	20	21	149	144	133	134	14	26	14
12424	High A/Cord M	1.60	20	21	149	144	133	134	14	26	14
12425	High A/Cord N	1.65	20	21	149	144	133	134	14	26	14
12426	High A/Cord O	1.70	20	21	149	144	133	134	14	26	14
12427	High A/Cord P	1.75	20	21	149	144	133	134	14	26	14
12428	High A/Cord R	1.80	20	21	149	144	133	134	14	26	14
12429	High A/Cord S	1.85	20	21	149	144	133	134	14	26	14
12430	High A/Cord T	1.90	20	21	149	144	133	134	14	26	14
12431	High A/Cord U	1.95	20	21	149	144	133	134	14	26	14
12432	High A/Cord V	2.00	20	21	149	144	133	134	14	26	14
12433	High A/Cord W	2.05	20	21	149	144	133	134	14	26	14
12434	High A/Cord X	2.10	20	21	149	144	133	134	14	26	14
12435	High A/Cord Y	2.15	20	21	149	144	133	134	14	26	14
12436	High A/Cord Z	2.20	20	21	149	144	133	134	14	26	14
12437	High A/Cord A	2.25	20	21	149	144	133	134	14	26	14
12438	High A/Cord B	2.30	20	21	149	144	133	134	14	26	14
12439	High A/Cord C	2.35	20	21	149	144	133	134	14	26	14
12440	High A/Cord D	2.40	20	21	149	144	133	134	14	26	14
12441	High A/Cord E	2.45	20	21	149	144	133	134	14	26	14
12442	High A/Cord F	2.50	20	21	149	144	133	134	14	26	14
12443	High A/Cord G	2.55	20	21	149	144	133	134	14	26	14
12444	High A/Cord H	2.60	20	21	149	144	133	134	14	26	14
12445	High A/Cord I	2.65	20	21	149	144	133	134	14	26	14
12446	High A/Cord J	2.70	20	21	149	144	133	134	14	26	14
12447	High A/Cord K	2.75	20	21	149	144	133	134	14	26	14
12448	High A/Cord L	2.80	20	21	149	144	133	134	14	26	14
12449	High A/Cord M	2.85	20	21	149	144	133	134	14	26	14
12450	High A/Cord N	2.90	20	21	149	144	133	134	14	26	14
12451	High A/Cord O	2.95	20	21	149	144	133	134	14	26	14
12452	High A/Cord P	3.00	20	21	149	144	133	134	14	26	14
12453	High A/Cord R	3.05	20	21	149	144	133	134	14	26	14
12454	High A/Cord S	3.10	20	21	149	144	133	134	14	26	14
12455	High A/Cord T	3.15	20	21	149	144	133	134	14	26	14
12456	High A/Cord U	3.20	20	21	149	144	133	134	14	26	14
12457	High A/Cord V	3.25	20	21	149	144	133	134	14	26	14
12458	High A/Cord W	3.30	20	21	149	144	133	134	14	26	14
12459	High A/Cord X	3.35	20	21	149	144	133	134	14	26	14
12460	High A/Cord Y	3.40	20	21	149	144	133	134	14	26	14
12461	High A/Cord Z	3.45	20	21	149	144	133	134	14	26	14
12462	High A/Cord A	3.50	20	21	149	144	133	134	14	26	14
12463	High A/Cord B	3.55	20	21	149	144	133	134	14	26	14
12464	High A/Cord C	3.60	20	21	149	144	133	134	14	26	14
12465	High A/Cord D	3.65	20	21	149	144	133	134	14	26	14
12466	High A/Cord E	3.70	20	21	149	144	133	134	14	26	14
12467	High A/Cord F	3.75	20	21	149	144	133	134	14	26	14
12468	High A/Cord G	3.80	20	21	149	144	133	134	14	26	14
12469	High A/Cord H	3.85	20	21	149	144	133	134	14	26	14
12470	High A/Cord I	3.90	20	21	149	144	133	134	14	26	14
12471	High A/Cord J	3.95	20	21	149	144	133	134	14	26	14
12472	High A/Cord K	4.00	20	21	149	144	133	134	14	26	14
12473	High A/Cord L	4.05	20	21	149	144	133	134	14	26	14
12474	High A/Cord M	4.10	20	21	149	144	133	134	14	26	14
12475	High A/Cord N	4.15	20	21	149	144	133	134	14	26	14
12476	High A/Cord O	4.20	20	21	149	144	133	134	14	26	14
12477	High A/Cord P	4.25	20	21	149	144	133	134	14	26	14
12478	High A/Cord R	4.30	20	21	149	144	133	134	14	26	14
12479	High A/Cord S	4.35	20	21	149	144	133	134	14	26	14
12480	High A/Cord T	4.40	20	21	149	144	133	134	14	26	14
12481	High A/Cord U	4.45	20	21	149	144	133	134	14	26	14
12482	High A/Cord V	4.50	20	2							

NYSE COMPOSITE PRICES

Continued from previous page

High	Low	Stock	Div.	P	SI	High	Low	Close	Chng	Open	Div.	P	SI	High	Low	Close	Chng	Open	Div.	P	SI	High	Low	Close	Chng	Open
22 15 2 S Ants G	1.36	74.26	33	15	15	16.1	15.5	15.5	-0.01	15.5	0.01	15.5	15.5	15.5	15.5	15.5	-0.01	15.5	0.01	15.5	15.5	15.5	15.5	15.5		
204 17 SICR US C	1.28	122.23	33	12	12	17.5	17.5	17.5	-0.01	17.5	0.01	17.5	17.5	17.5	17.5	17.5	-0.01	17.5	0.01	17.5	17.5	17.5	17.5	17.5		
245 13 SICR Tech	1.28	47.20	10	15	15	15.5	15.5	15.5	-0.01	15.5	0.01	15.5	15.5	15.5	15.5	15.5	-0.01	15.5	0.01	15.5	15.5	15.5	15.5	15.5		
125 5 S Sistech	1.20	85.10	10	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
235 16 S Sistech S	0.95	20.24	15	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15		
35 2 S Sistech W	0.95	27.03	16	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15		
445 37 Sistech Paper	0.95	42.82	8	8	8	8	8	8	-0.01	8	0.01	8	8	8	8	8	-0.01	8	0.01	8	8	8	8	8		
37 31 Sistech P	1.78	47.15	7	4	3	3	3	3	-0.01	3	0.01	3	3	3	3	3	-0.01	3	0.01	3	3	3	3	3		
37 32 Sistech P	0.95	25.15	15	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15		
75 42 Sistech M	1.20	20.10	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
245 16 S Sistech S	0.95	10.40	15	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15	-0.01	15	0.01	15	15	15	15	15		
25 21 S Sistech S	1.48	5.34	14	14	14	14	14	14	-0.01	14	0.01	14	14	14	14	14	-0.01	14	0.01	14	14	14	14	14		
45 3 S Sistech P	0.95	4.40	11.03	11	11	11	11	11	-0.01	11	0.01	11	11	11	11	11	-0.01	11	0.01	11	11	11	11	11		
41 33 S Sistech P	0.95	2.08	18.87	17	17	17	17	17	-0.01	17	0.01	17	17	17	17	17	-0.01	17	0.01	17	17	17	17	17		
37 25 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 26 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 27 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 28 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 29 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 30 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 31 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 32 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 33 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 34 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 35 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 36 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 37 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 38 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 39 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 40 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 41 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 42 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 43 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 44 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 45 S Sistech P	0.95	11.00	12	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12	-0.01	12	0.01	12	12	12	12	12		
37 46 S Sistech P	0.95																									

AMERICA
Equities settle after record breaking romp
Wall Street

EQUITIES settled into a narrow trading range yesterday after Wednesday's wild swings, which sent blue chips to record highs, writes **Patrick Harverson** in New York.

At 1pm, the Dow Jones Industrial Average was down 1.11 at 3,498.92. The more broadly based Standard & Poor's 500 was up 0.84 at 448.21, while the Amex composite was 1.66 firmer at 431.58. The Nasdaq composite outshone the other indices, gaining 5.90 at 596.23. NYSE volume was 162m shares by 1pm.

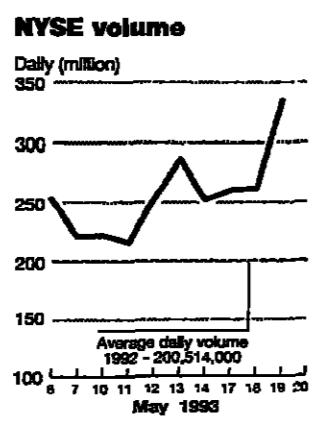
The volatility and confusion of Wednesday - when an early 30-point decline in the Dow was turned into a record-breaking 55-point romp in the wake of a bond market rally and a

SAO PAULO rose 5.6 per cent in heavy midday trade with investors remaining optimistic after the former foreign minister, Mr Fernando Henrique Cardoso, was named as economy minister. The Bovespa index at 1pm was 1,695 ahead at 31,571.

sudden dip in gold prices - gave way to calm and contemplation yesterday morning.

In spite of the new index highs, investors remained uncertain about the outlook, although in the first few minutes of trading it looked as if stocks were heading yet again into record territory. An early 14-point gain, however, quickly disappeared as the institutional buying that opened the day petered out.

The day's economic news was not helpful. State unemployment claims rose by 7,000 during the second week of May, a bigger increase than analysts had been expecting. News of a decline in the Philadelphia Federal Reserve's index of local business activity also raised fresh concern about the state of the economy.


Wall Street triumphs over its fear of inflation

Patrick Harverson reports on the abrupt shift of sentiment that took the US market to new highs

Confusion, uncertainty, rumour and a touch of hysteria reign on Wall Street this week.

There is confusion and uncertainty about where stocks, bonds, gold prices and the economy are heading. There are wild rumours about what well-known investment managers are doing with their money. And there has been a burst of hysteria about inflation and monetary policy.

In spite of all this, US stock markets have managed to rise to record highs. On Wednesday, the Dow Jones Industrial Average jumped 55.64 to 3,500.03, an impressive recovery from a morning which had seen it 30 points down.

The Standard & Poor's 500 index moved to within 10 points of its all-time peak.

Other market indices also approached, or broke through, their records, in some of the heaviest trading ever seen on Wall Street.

The week opened with investors in a gloomy mood, fearful that recent news of rising consumer, producer and commodity prices heralded the return of higher inflation. The resurgence in the price of gold, a traditional inflation hedge, had reinforced those fears.

The same worries had already undermined bond prices, sending the yield on the benchmark 30-year government bond back above 7 per cent for the first time in more than a month. This made equity investors even more nervous, because rising bond yields make stocks look less attractive.

Both the stock and bond markets fretted that signs of revived inflation might prompt the Federal Reserve to raise interest rates. The fretting reached a peak this week because the Fed's open market committee was meeting to review monetary policy. Pessimists feared that the open market committee would put up short-term interest rates to head off a rise in prices.

When the committee ended with no apparent change of policy, the markets' mood suddenly brightened. Simultaneously, gold prices were hit by profit-taking and dropped almost \$10 from their Wednesday morning high of \$333 an ounce. The stage was set for a sharp reversal of market sentiment.

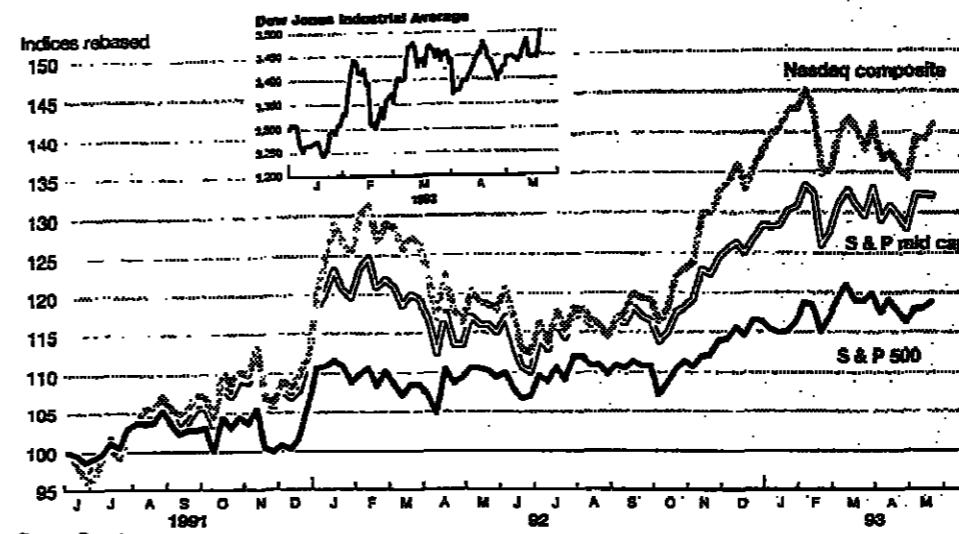
As Mr Richard Hoey, chief economist at fund group Dreyfus, explained: "What we saw was a popping of the bubble of

hysteria about accelerating inflation." He believed that stock market and bond market investors had "built up a negative psychology based upon bad inflation numbers, the rising gold price, and the rising bonds". It was a fragile psychology which crumbled easily.

First, bond prices rallied,

bringing the yield on three-year treasuries down from 7.07 per cent to 6.97 per cent.

Then stocks turned upwards, heading to new highs.



were virtually unchanged - at least the fuss over gold prices and inflation appeared to have died down. Mr Laszlo Birinyi, the veteran market watcher with Birinyi Associates in New York, said: "The whole gold play was overworked. The conventional wisdom that gold is some sort of harbinger of inflation is simply not true."

Yet, the nagging uncertainties that were evident at the start of the week had not gone away. While interest rates will probably remain where they are for a few months, the next move in rates is more likely to be up than down. Stocks still look pricey, and the huge inflows of investor cash (via mutual funds) that has propped up prices for so long will slow down this summer because of seasonal factors.

The recent performance of stock and bond markets has left Wall Street feeling dated and confused. Mr Birinyi is one observer who thinks that there is more to the market's strength than just low interest rates and heavy buying of mutual funds by investors chasing attractive yields. "Maybe the market is saying something major about the future. What it is, I do not know."

ASIA PACIFIC
Rumours spur Hong Kong rally as Nikkei wavers
Tokyo

EQUITIES settled lower as weakness in futures and small-seller sales erased earlier gains in light volume. But the nation's revised industrial output data for March encouraged a minor rally in late trading, lifting the Nikkei average off its intraday low, writes **Wayne Aponite** in Tokyo.

The Nikkei ended 50.40 easier at 20,330.39, after moving between 20,122.78 and 20,555.79. The Topix index of all listed stocks lost 3.63 at 1,594.33.

In London the ISE/Nikkei 50 index put up 1.39 at 1,228.36.

Volume contracted to 50m shares from Wednesday's 397m and falls led rises by 611 to

396, with 173 issues unchanged. Brokers said Japan's revised output growth rate for March of 2.6 per cent, up from 1.5 per cent, suggested that the domestic economy is improving and encouraged some investors to buy back futures contracts during the afternoon session. This, ultimately, aided the cash market.

However, the day's lower level of trading activity left the Nikkei susceptible to waves of arbitrage-related sales, which put pressure on many large capital issues, brokers added.

Technical analysts predict that the market's weakness will pull equities lower in the short term. Without government support through public fund purchases, it is likely that the Nikkei would trade closer to 19,500, they said.

Retreating gold prices in overnight trading prompted investors to take early profits from Sumitomo Metal Mining, the recent market leader. It ended Y40 lower at Y1,120. Mitsubishi Mining and Smelting eased Y8 to Y550.

An appreciation of the yen against the dollar lifted regional power suppliers. Kyushu Electric Power rose Y60 to Y2,940 and Chubu Electric Power Y40 to Y2,920.

Individual investors continued to support companies with good earnings results. Aiwa, the Japanese audio maker, climbed Y120 to Y1,490 on better than expected earnings.

Some shipbuilding issues

moved higher after figures from Namura Shipbuilding, Y10 up to Y1,270. Sasebo Heavy Industries gained Y35 at Y541.

In Osaka the OSE average dipped 27.76 to 22,552.98 in turnover of 175 shares.

Roundup

PACIFIC Rim markets put in a mostly firm performance.

HONG KONG turned higher after rumours, later denied, of a resumption soon of meetings of the Sino-British Joint Liaison Group on handing over Hong Kong to China in 1997.

Institutional bargain hunting helped the Hang Seng index to advance 25.08 to 7,118.96 in turnover down to HK\$4.28bn from Wednesday's HK\$5.43bn.

SYDNEY felt the effects of positive results in the banking sector and the All Ordinaries index ended 1.6 up at 1,694.2 in turnover of A\$38.7m.

National Australia Bank

added 24 cents at A\$9.46 after announcing profits at the top end of expectations. Westpac Banking, which reported an A\$204.6m interim loss, held steady at A\$3.61.

NEW ZEALAND finished fractionally below its high for the year in active trade, the NZSE-40 capital index gaining 11.54 at 1,827.45.

Telecom put on 7 cents at NZ\$3.02 - its highest ever close in volume of more than 3.6m shares, in continued reaction to Tuesday's results.

TAIWAN fell 2.23 per cent as a wave of late selling left the weighted index 99.91 lower at 4,336.63. Turnover was a record \$847.46m, beating the previous

EUROPE
Bourses fail to match Eurotrack response

CONTINENTAL shares quoted in London offered a positive response as Wall Street held its overnight gains, the Eurotrack 100 ending nearly a percentage point ahead in the post-bourse.

Where they were open on Ascension day, as in Milan and Madrid, senior bourses seemed more subdued, writes **Our Markets Staff**.

MILAN remained at a 21-month high, the Comit index adding 0.68 to 559.17 in strong turnover, on continued expectations of lower interest rates.

Mr Fabio Ferrando of Albertini in Milan believed that, given the continuing strength of the lira, a half point cut in the discount rate was likely to follow swiftly on the heels of a restructuring budget, expected today.

Over the medium term, he thought that further reductions might be expected when agreements are reached on labour reform and on the shape of the 1994 budget, which is due at the end of July.

Olivetti continued ahead, after the launch of its rights issue on Monday. The shares

FT-SE Actuaries Share Indices									
May 20									
Hourly changes									
Open	10.30	11.00	12.00	13.00	14.00	15.00	Close		
FT-SE Eurotrack 100	1154.88	1154.50	1153.93	1155.00	1155.35	1155.21	1156.00	1156.03	
FT-SE Eurotrack 200	1216.93	1216.20	1218.51	1218.53	1219.71	1219.07	1219.32		
May 19	1147.75	1152.98	1146.07	1148.21	1148.21	1151.55	1155.13		
May 18	1212.75	1217.75	1214.06	1212.97	1212.97	1219.59			

rose 0.64 to 559.17 per cent to fix at 11,474, before L1,470 after hours.

Mondadori, the publisher stumped L1,150 or 8.5 per cent to fix at L12,000 before rebounding to L12,500 after hours amid profit-taking after the recent speculation about a restructuring.

MADRID closed virtually flat, the general index closing 0.23 higher at 255.41, block traders keeping turnover relatively respectable at Pta18.2bn, though well down from the record high of Pta21.6bn.

Tabascala stood out in share price terms, rising Pta145 or 4.1 per cent to Pta3,655 in volume of 336,436 shares,

it-taking which left the 75-share index 105.07 or 1.3 per cent lower at 7,919.59 and 5.15 per cent down from last Thursday's record high of 8,349.31.

Mr Nur Pekin of Schroders in London noted that liquidity was being withdrawn from the market as advance income tax payments totalling TL3 trillion fell due this week and next. Activity was also slowing ahead of a week-long national holiday which begins on May 31 and amid rumours that the Public Participation Administration, which is responsible for Turkey's privatisation programme, was selling some of its holdings.

TEL AVIV managed a token recovery in thin trading after several days of losses, the Mishtamim blue chip index closing 0.53 higher at 206.98 in turnover of Shk1.82m.

Brokers said that the market was simply too small to soak up the sheer pressure of buying at the moment. Meanwhile, the state-owned EL AL Israel Airlines said in New York that it expects to be privatised soon and has seen interest from financial investors in Israel and around the world.

ISTANBUL saw further pro-

tectionary moves on the part of the government.

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

FT-ACTUARIES WORLD INDICES									
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries									
WEDNESDAY MAY 19 1993									
NATIONAL AND REGIONAL MARKETS	US Dollar Index	Day's Change	Pound Sterling Index	Yen	DM	Local Currency Index	Local Div. Yield	US Dollar Index	Pound Sterling Index
Australia (68)	133.05	+0.2	127.97	92.13	120.27	127.95	-0.1	3.87	128.52
Austria (18)	143.85	+0.1	138.01	102.21	121.71	138.84	-0.1	1.70	140.73
Belgium (42)	148.32	-0.1	120.18	123.50	120.82	141.78	-0.1	1.47	128.85
Canada (105)	120.71	-0.1	120.00	120.7					